Daily Report

Latin America

FBIS-LAT-92-132
Thursday
9 July 1992

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FBIS-LAT-92-132 *9 July 1992*

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Ecuador

Quito radio received a press bulletin from the Presidency Press Office on 8 July which states, "A sudden health problem is forcing President Rodrigo Borja to travel to the United States." He has been diagnosed with "auricular fibrillation that requires immediate attention." Borja will be treated at Southwest Texas Methodist Hospital in San Antonio.

Nicaragua

Managua TV reports Presidency Spokesman Danilo Lacayo has stated that "10 U.S. Republican senators, headed by Sen. Connie Mack, have adopted Sen. Helms' position" on blocking $104 million in aid. Consequently, President Chamorro has "formally invited Sen. Helms to Nicaragua" and "that invitation has now been extended to the other 10 senators whose positions reflect political rather than legal interests."

Brazil

Rio de Janeiro TV reports that President Collor met with 11 governors from the northeastern and central-western region. The president told the governors that the government has released 176 billion cruzeiros "for infrastructure works in their states."

According to FOLHA DE SAO PAULO, PC Farias purchased "several properties in the...sector, where the president lives." The documents obtained by FOLHA DE SAO PAULO confirm several real estate transactions during the past two years.

O ESTADO DE SAO PAULO reports that one of PC's partners heads eight enterprises in Florida. The information will be delivered to the CPI next week. Three U.S. citizens are mentioned as founders of some of the enterprises. Deputy Jose Dirceu, who will address the CPI, believes that "these enterprises, which only exist in writing, are only front companies used to carry out illegal foreign currency transactions."

Peru

President Fujimori has pointed out the "existing monolithic unity between the government and the Armed Forces despite the pressure that has been exerted in attempts to break up the relationship," reports Lima TV. In a speech delivered to a Special Forces Division, Fujimori stated, "he received the support and allegiance of the military and stated that he would not bow to pressure from political parties that are combining efforts in an attempt to recover their lost privileges." Hermoza, head of the Peruvian Army, expressed his "total support for the government's decisions since the establishment of the emergency and national reconstruction government on 5 April," Lima TV adds.

Police Chiefs Split Over Panama Army Initiative

PA0807185892 Panama City EL PANAMA AMERICA in Spanish 8 Jul 92 p 8C

[Report by Orlando Mendieta C.]

[Text] On 7 July, the police chiefs of Costa Rica, El Salvador, and Guatemala voiced their support for Panama's initiative to abolish the Army through the Constitutional Reform Law, while the representatives of Nicaragua and Honduras stated that the armed forces support the police.

Colonel Carlos Poveda, director of Costa Rica's Rural Guard, explained that the elimination of the Army and the formation of a new professional police is the best thing that can happen to a country in Central America.

Col. Poveda added that in the projects to demilitarize Latin America, the armies are considered as repressors of the people.

Col. Rodrigo Ciro Lopez, El Salvador's police chief, congratulated the Government of Panama for converting an army into a police force. He stressed that this is good for the country.

Lopez, a career military officer, said that "it would be good if all the countries of the world followed Panama's example. Unfortunately, some nations need an army."

Meanwhile, General Sheriff Mario Carpio, third police chief in Guatemala, said he supports the elimination of the army, adding that one must work with intelligent men instead of weapons.

Carpio explained that this process depends on the situation in each country because in Guatemala the move toward democracy was taken by the Army. He added that in his country, following a military regime, the Army paved the way for the reestablishment of a civilian administration.

The Guatemalan representative stated that joint cooperation exists now between the police and the army in his country to prevent some crimes.

Col. Roque Lazaruz, chief of staff of the Honduran security forces, said that the existence of the army and the National Police in his country represents a guarantee of democracy.

Lazaruz, who is an army colonel serving in the police force, stated that this structure is accepted in his country, but that in the other countries it depends on the criterion of the population.

Aminta Graneas, Nicaraguan police deputy commander, said: "It is necessary to have a small army that can protect national interests." He added that, during peacetime, this army can carry out duties to support the police.

The statements by the Central American police chiefs were made in response to the recent approval by the Legislative Assembly of Panama's Constitutional Reform Law, which includes the elimination of the Army.

* Trade Among Aladi Member Nations Increasing

92SM0442A Sao Paulo GAZETA MERCANTIL in Portuguese 24 May 92 p 3

[Article by Cynthia Malta]

[Text] Sao Paulo—Intraregional trade among the 11 member nations of the Latin American Integration Association [Aladi] is growing. In 1991, exports within this region totaled $15.093 billion (up 22 percent from the total for 1990) and imports totaled $15.684 billion (up 26 percent).

According to Ambassador Jorge Luis Ordonez, secretary general of Aladi, the trend toward increased trade among Latin American countries is expected to continue this year. Aladi's projections indicate that exports among the 11 member nations will probably total $18 billion this year. "The recession in the United States and in Europe has helped intraregional trade to grow, but it is undoubtedly true that we are witnessing a strengthening of the process of integration in Latin America," said the ambassador, who was in Sao Paulo yesterday at the Latin America Memorial.

Ambassador Ordonez recalled that Brazil is responsible for a large part of this increase in trade in the southern region of the continent. According to the figures for the trade balance for January-April of this year, as published last week by the Brazilian Government, Brazil's exports to its Aladi partners totaled $2.067 billion—only $249 million less than its sales to the United States and Canada.

The Aladi secretary general said, however, that it is not merely the increased trade between Brazil and Argentina—which is currently the second largest importer of Brazilian products (the largest is the United States)—that is being reflected in the figures recorded by Aladi. He said the Andean Group is breaking records one after the other; Argentina and Chile are increasing their trade every year, and transactions among Mexico, Colombia, and Venezuela are also increasing.

The member nations of the Andean Pact (which was concluded in 1969)—Bolivia, Chile, Colombia, Peru, and Venezuela—are negotiating for the creation of a common market, to become effective around 1994.

The governments of Mexico, Colombia, and Venezuela signed a trade and investments accord last year. A study prepared by the IMF, titled "Regional Trade Accords" states that these three countries will probably create a free trade zone in late 1993.

In addition to its current negotiations for inclusion in the North American Free Trade Accord together with the United States and Canada, Mexico is also seeking to form a free trade zone that would include five countries of Central America and would go into effect in 1996. Accords that are characterized as free trade accords

involve only the elimination of tariffs and customs restrictions. Implementation of a common market goes farther and requires the harmonization of macroeconomic policies.

The common-market model applies to Mercosur [Common Market of the South], formed by Brazil, Argentina, Paraguay, and Uruguay and scheduled to go into effect in early 1995. Mercosur is cited by Ambassador Ordonez as an example of a regional accord that—just as the other accords currently negotiated in Latin America—"is speeding up the integration process on the continent," to quote the ambassador.

Trade Within Aladi (in millions of dollars)

	Exports FOB[1]			Imports CIF[2]			Balance		
Country	1989	1990	1991	1989	1990	1991	1989	1990	1991
Argentina	2,388	3,128	3,450*	1,389	1,346	2,714*	999	1,782	736
Bolivia	351	413	332*	268	323	550*	83	90	-218
Brazil	3,781	3,279	4,919	3,472	3,786	3,931	309	-507	988
Colombia	525	652	937*	1,011	1,026	882*	-486	-374	55
Chile	964	1,019	1,238*	1,754	1,731	2,054*	-790	-712	-816
Ecuador	313	294	360	385	374	524	-72	-80	-164
Mexico	902	883	987	675	1,223	1,530	227	-340	-543
Paraguay	422	426	327	301	444	495	121	-18	-168
Peru	386	455	551*	621	739	927	-235	-284	-374
Uruguay	588	670	634	615	689	751	-27	-19	-117
Venezuela	718	1,075	1,358*	656	732	1,326*	62	343	32
Total	11,338	12,294	15,093	11,147	12,413	15,684	—	—	—
Trade With Rest of World									
	ExportsFOB			ImportsCIF			Balance		
Argentina	7,179	9,225	8,764*	2,812	2,731	4,672*	4,367	6,494	4,092
Bolivia	468	510	428*	352	380	303*	116	130	125
Brazil	30,602	28,135	26,717	16,388	18,674	19,010	14,214	9,461	7,707
Colombia	5,214	6,113	6,603*	3,999	4,563	4,361*	1,215	1,550	2,242
Chile	7,227	7,503	7,810*	4,742	5,291	5,336*	2,485	2,212	2,474
Ecuador	2,041	2,420	2,491	1,475	1,431	1,875	566	989	616
Mexico	23,548	26,067	26,188	22,272	29,867	36,827	1,276	-3,800	-10,639
Paraguay	587	533	410	459	906	965	128	-373	-555
Peru	2,372	3,271	2,853*	1,388	1,753	1,549	984	1,518	1,304
Uruguay	1,008	1,038	940	625	726	801	383	312	139
Venezuela	12,095	16,042	14,322*	6,374	5,876	8,628*	5,721	10,166	5,694
Total	92,341	100,857	97,526	60,886	72,198	84,327	31,455	28,659	13,199
Grand Total	103,679	113,151	112,619	72,033	84,611	100,011	—	—	—

Footnotes: 1. Customs duties not included. 2.Cost, insurance, and freight. *Estimated.

Source: Aladi. Note: The data for Peru are incomplete. The data for Bolivia's exports are the official figures from the customhouses. The figures for Mexico's and Venezuela's imports—and for Peru's imports in 1991—are FOB.

Recession

Exports from the Aladi countries to the rest of the world decreased last year in comparison with 1990, thereby demonstrating the difficulty that Latin American exporters have faced in the recessionary markets of the United States and the EEC. Imports, on the other hand, recorded an increase of 16 percent. Ordonez pointed out that the opening up of the Latin American economies to foreign products was the main factor in producing this result.

The data supplied by Aladi also indicate a slight drop in the total of exports of the 11 member nations compared with the previous year. The total for last year was $112.619 billion—1 percent less than the figure for 1990. Overall imports rose, however, with Mexico, Venezuela, and Argentina recording especially noteworthy performances.

Cuba

Castro To Attend Ibero-American Summit in Jul

PA0807171892 Paris AFP in Spanish 1635 GMT 8 Jul 92

[Text] Madrid, 8 Jul (AFP)—Cuban President Fidel Castro will attend the Second Ibero-American Summit of chiefs of state on 23 and 24 July in Madrid, before going to Barcelona (in the northeast), Seville (in the south), and Galicia and Asturias (in the northwest), Spanish official sources reported 8 July in this capital.

It will be Castro's first official stay in Spain. He made a stopover for a few hours in Madrid in 1985 when he met with Spanish Prime Minister Felipe Gonzalez.

Following the Madrid summit, the Cuban leader will travel to Barcelona on 25 July with his Latin American colleagues to attend the opening of the Olympic Games.

Then he will go to Seville, where he will visit the World's Fair, according to the sources.

Fidel Castro will stay in the Andalusian capital on 27 July on the occasion of Cuba's participation in the World's Fair.

The following day he will begin his visit of several days in Galicia at the invitation of Manuel Fraga Iribarne, head of the region's autonomous government.

Fraga visited Havana in 1991 and his efforts permitted the release of 19 persons from Cuban prisons.

The official sources that were consulted did not confirm the duration of the Cuban president's stay in Galicia. Reliable sources, however, confirmed that it will last four days, from 28 to 31 July.

In addition to meeting with Manuel Fraga, the Cuban leader may visit two towns in Galicia. A cousin of the Cuban head of state lives in Lancara, one of the two towns.

Castro will depart Spain on the night of 2 or 3 August, according to the sources.

Dissidents Send Letter to Summit Participants

PA0807215192 Paris AFP in Spanish 1621 GMT 8 Jul 92

[Text] Havana, 8 Jul (AFP)—A group of 26 dissidents, all professionals, have sent an open letter to participants in the upcoming Ibero-American Summit in Madrid asking them to request and promote "a dialogue calling for conciliation among all Cubans."

This is the first time an opposition group has brought up in Cuba itself the issue of the Cuban Government's participation in the Madrid summit.

Nearly half of those signing the letter are engineers, technicians, or professors who work in state institutions. The others, primarily young professors, were dismissed from their universities earlier in 1992 for signing a document requesting political opportunities for dissidents.

The document says that "growing sectors" of the island's population feel "the need to be heard."

The group's spokesmen told international news agencies that the "open letter," the text of which was also sent to the Cuban authorities, requested the participants in the Ibero-American Summit to promote "the necessary reconciliatory dialogue among all Cubans" in order "to save the nation from the uncontrollable intolerance it is enduring."

At the same time, the professionals asked the Cuban Government to "recognize publicly that there are groups that disagree with the government, but all the same they have a legal right to exist." The group also asked the government to provide "all Cubans with the universal right to express freely their aspirations, opinions, and doubts without being repressed."

Minaz Says Cane Planting 'Considerably Behind'

FL0907020492 Havana Cuba Vision Network in Spanish 2220 GMT 8 Jul 92

[Text] According to the latest data from the Agronomy Department of the Ministry of the Sugar Industry [Minaz], the daily cane-planting rates [words indistinct] are very much below what needs to be accomplished. There is a cane planting plan of over 6,000 caballerias for the current month, and up to the present, only more than 200 [as heard] have been planted. If we take into consideration the fact that a week has already elapsed in the current month, this means we are considerably behind. We are planting between 37 and 40 caballerias daily, and if things continue this way, we will not be able to fulfill the July plan. It is necessary for the permanent production brigades at each complex to fulfill their daily program. Las Tunas, which is the province in the best shape, has planted more than 80 caballerias out of a program of 475. The rest of the provinces are very [word indistinct]—Pinar del Rio, Matanzas, Cienfuegos, Sancti Spiritus, Ciego de Avila, and Camaguey, to name a few.

Jose Ramon Fernandez Meets Catalonian Delegation

FL0807195792 Havana Radio Rebelde Network in Spanish 1700 GMT 8 Jul 92

[Text] The delegation from Catalonia, Spain, which is visiting Cuba, donated school materials and medicine for the Cuban people. Reporter Nora Rodriguez Calzadilla will report on the activities of the Spanish delegation in Havana.

[Rodriguez] The delegation of mayors, town councillors, and businessmen from Catalonia, Spain, met this morning with Jose Ramon Fernandez, vice president of the Council of Ministers of Cuba.

[Begin Fernandez recording] Unbreakable ties bind us to Spain. The Spanish emigration to Cuba numbered in the hundreds of thousands. The four major groups of Spanish emigration were from Galicia, Asturia, Canary Islands, and Catalonia. [end recording]

[Rodriguez] From now until 13 July, the Catalonian delegation will visit centers of scientific, cultural, and social interest, and will attend the first session of the National Assembly of the People's Government on 10 July. The delegation is presently meeting with Cuba's Chamber of Commerce officials at the Primavera Room in the Havana Libre Hotel.

Constitutional Reform in Panama Viewed

PA0407161492 Havana Radio Havana Cuba in Spanish 0100 GMT 3 Jul 92

["Our America" commentary, by Manolo Ortega]

[Text] The Government of Panama has decided to reform the Constitution in order to eliminate the Panamaian Army, a matter that has drawn a variety of reaction in the political life of that nation. The citizens of Panama will express their position on this through a referendum to take place in November.

Panama will not have an army, according to the constitutional reform the Panamanian parliament recently approved. Many opposition political leaders have said it is absurd to ban a nonexistent army while failing to even mention the U.S. Southern Command, which maintains 10,000 soldiers in the canal area.

As everybody knows, the Panama Defense Forces, the only armed body that existed in Panama until the 1989 U.S. invasion of Panama, was dismantled following the invasion. The country currently has a so-called Public Force with approximately 13,000 members.

It is true that demilitarization is a good Central American idea, but many people wonder if decisions such as the one mentioned here are right, considering that U.S. militarism is always stalking the countries of the region in order to upset sovereign decisions and to meddle bloodily in the domestic affairs of those nations.

Grenada in 1983, and Panama in 1989 are two examples that provide evidence of the danger represented by the powerful neighbor with the most powerful weapons, a neighbor that likes to wield the imperial pretext of safeguarding regional interests. Honduras and Panama, again, are proof of how U.S. militarism has numerically and technologically imposed itself on local armed forces. The U.S. military has used the territory of these two nations to carry out war-like plans throughout the area.

Much has been said about demilitarizing not only Central America but also all of Latin America, where the resources used on military expenditures could resolve terrible regional problems. But one thing is to be demilitarized and another is to be left without protection. We mean by this that while it is necessary to reduce the armies and military expenditures, it is also obvious that Washington cannot have superiority in this field and cannot use its troops whenever it pleases to meddle in the domestic affairs of its neighbors. This is going to be difficult to achieve.

This should be seriously considered, especially now that the United States has authorized the kidnapping of persons in foreign lands. The kidnappings are not carried out by civilians, but by military. Some effective armed force must exist to confront such situations.

Returning to the case of Panama, critics of the constitutional reform, which must still go through a plebiscite, have pointed to the contradictions of this reform while there are so many thousands of U.S. troops in the country. They recall that it is the U.S. military forces who brought the current Panamanian Government to power. Politicians, sociologists, and common people believe Panama should do without an armed force only after the United States packs up its military camps at the end of 1999, in compliance with the Torrijos-Carter treaties.

Commentary on Threat of Coups in South America

FL0407131892 Havana Radio Rebelde Network in Spanish 1155 GMT 4 Jul 92

["Our Opinion" commentary by Orlando Contreras]

[Text] A well-known specter once again seems to be haunting the countries of Latin America: the threat of coups d'etat. In countries as dissimilar as Venezuela and Bolivia, or Brazil and Peru, accusations and denials have been made at some time in the last few weeks concerning the dangers or supposed threats to institutional stability. In Peru, the somewhat forced presence of two presidents continues, although the international community recognizes only Fujimori, as do the majority of Peruvians, to judge by several public opinion surveys.

In Bolivia, different political sectors have denied the existence of unrest in the military, but other Bolivian sources assert that the deterioration in the purchasing power of wages and salaries and the policy of privatizing state enterprises have also affected the military. The situation in Venezuela after an aborted coup in February is having repercussions not only through social mobilizations but also in the legislative sphere, where there is a movement to cut short the term of President Carlos Andres Perez.

In Brazil, the South American giant, with almost 8.5 million square km—a real continent—and about 150 million inhabitants, a judicial investigation of President Fernando Collor de Mello is underway. He has been accused of economically favoring close colleagues. President Collor has not only denied the charges but has denounced the existence of a real conspiracy to remove him from the Presidency. He said that the coup plotters will be rejected by the people. For his part, Leonel

Brizola, the influential governor of Rio de Janeiro State, who was a presidential candidate in the elections that brought Collor de Mello to that high office, has denounced those he called the members of a coup-plotting group, giving their full names.

Describing all these facts in these four South American countries, which have a total population of almost 200 million, would require knowing the results of all the investigations that are now underway and considering complex and extensive factors. But besides these factors, and without beginning to describe facts that are not well known, there is a common denominator in these four nations: the implementation of neoconservative-style economic models, which have eroded purchasing power. Although it is true that they have managed to minimize inflation—as compared to the past—they have also generated real social stress with many consequences, including corruption, political ambition, mass protests, conflicting interpretations of the laws, and confusion.

These neoconservative models are in fact imposed by the United States and the rich countries through direct pressure or with the help of their credit and monetary institutions, such as the World Bank and the IMF. If the well-known specter of coups d'etat seems to have reappeared in Latin America, generating high-voltage social tensions, the causes are quite obvious and go beyond specific persons and local political circumstances.

Antigua and Barbuda

U.S. Puts Haitian Refugee Processing 'on Hold'

FL0807173492 Bridgetown CANA in English 1638 GMT 8 Jul 92

[Text] St. John's, Antigua, July 8, CANA—Antigua and Barbuda's Foreign Minister Lester Bird says the United States has "put on hold" a request it had made to the Antigua Government for permission to process Haitian refugees at a naval facility here.

Bird told CANA that the decision followed a recent U.S. court ruling which held that Haitians fleeing their homeland were economic rather than political refugees and, for this reason, the United States had no responsibility under international law to deal with them as political refugees, which would require them to be given asylum in another country.

"Based upon that ruling, the U.S. Government has been repatriating the Haitians back to Haiti and they therefore do not need a holding area in which they will process them," Bird said. "As such, this matter has been put on hold."

Haiti

Bazin Meets With Business Sector Representatives

FL0807171692 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 8 Jul 92

[Text] The prime minister held a meeting with several representatives of the private sector on 7 July, at the National Palace. For nearly two hours, the guests discussed their plans for improving Haiti's socioeconomic condition. The consensus prime minister said he had hoped the dialogue he initiated with the private sector would be frank. He said that the main goal of the government he leads is to effect a lifting of the embargo and other sanctions imposed against Haiti by the international community. This does not, however, prevent the government from taking on other challenges, especially reduction in the cost of living, reduction of the price of the U.S. dollar on the market, creation of jobs in Haiti, and the rebuilding of the environment. All these challenges, Bazin said, reflect a necessity for the government to work jointly with the private sector in changing the economic situation. The prime minister pointed out how the gourde is devaluating daily in comparison with the U.S. dollar and how the subcontracting sector has been paralyzed since the beginning of the political crisis in the country.

Bazin promised that his government will work to reduce the deficit in the state's budget. He will not increase any taxes, but will try to improve a system for the collection of tax money.

The speaker who followed Bazin was the president of the Haitian Chamber of Commerce and Industry, Mr. Gerard Bailly, who talked about the necessity to unite within the private sector. He told the businessmen to put aside their personal interests from that day on and to consider the interests of the entire country. Bailly said the representatives of the private sector must not let people call them grasping bourgeoisie again because they have a place in society as people who can provide employment and help others become prosperous. The representatives of the private sector made a determined promise to change the country's extreme poverty into wealth and to do whatever they can for Haiti. According to the president of the Chamber of Commerce and Industry, they do not lack ability or good will.

Yesterday's meeting allowed most representatives of the private sector to explain the problems they face individually within their activities. All those present, however, supported cooperation between the public sector and the private sector as the best means of improving Haiti's economic situation.

Senator: Aristide Should Negotiate With Army

FL0807152992 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 8 Jul 92

[Text] Senator Clark Parent says that negotiations should be initiated between the ousted president and the

Army officials, instead of the prime minister, because he does not think Bazin has the authority to make a decision alone.

Parent, first senator of the Western Department, speaking in an interview with a Voice of America correspondent in Port-au-Prince, denounced those of his colleagues who refuse to come to parliament because they think their work was over once a prime minister was installed to lead the country. Sen. Parent says that these parliamentarians view their work simply as a job, without an interest in defending the people's interests.

Varying Opinions on Site for Negotiations Noted

FL0807185692 Port-au-Prince Radio Metropole in French 1600 GMT 8 Jul 92

[Excerpts] The opinions of parliamentarians vary, according to their political affiliation, on the Haitian crisis and whether to hold negotiations in Haiti or in the Dominican Republic.

National Reconstruction Movement [headed by Rene Theodore] Senator Rony Mondestin supports the proposal of those who participated in the Florida Conference to have the negotiations held in Haiti. He is wondering why Prime Minister Marc Bazin, who promised to go to negotiations anywhere and at any time, does not want to keep his promise. [passage omitted]

Anywhere, but not in Haiti. This statement by Prime Minister Marc Bazin has been modified by Sen. Thomas Eddy Dupiton. He, however, thinks it is necessary that Marc Bazin leave the country to meet with Father Aristide. [passage omitted]

The position of Sen. Jacques Clark Parent is the same as that of the delegation that participated in the Florida Conference, which is the position held by the National Front for Change and Democracy group: To hold negotiations in Haiti so they can lead to concrete results. [passage omitted]

The Movement for the Establishment of Democracy in Haiti [headed by Marc Bazin] Deputy Antoine Joseph says he supports the idea of reinstating Father Aristide to his post. He believes the decision to accept or to reject the fact that the discussions take place in Haiti is a matter for the management of the Bazin government. [passage omitted]

Deputy Patrick Norzeus rejects the idea of a meeting on the crisis in the Dominican Republic. Norzeus, who claims to be a member of the lavalas movement, thinks President Joaquin Balaguer has proved to be so favorable to the 30 September 1991 coup that he cannot play the role of arbiter in negotiations on the crisis. [passage omitted]

Senate Lacks Quorum; Deputies Discuss Bill

FL0807154592 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 8 Jul 92

[Excerpt] There was no change in the functioning of the legislative power yesterday, 7 July. The parliamentarians have not met for work since the installation ceremony of the new prime minister. There were eight legislators present in the Senate of the Republic, but the session could not begin for lack of a quorum.

In the House of Deputies, although 52 deputies were present, this did not bring about any change. The major points on the agenda were the reading of correspondence and questions of general interest. The debates focused on a letter that Mrs. Claudette Gourdet, minister of social affairs under the Honorat government, had sent to parliamentarians proposing a bill aimed at amending the labor code. According to some deputies, the former minister does not have the right to present bill to parliament. Others think, however, that Mrs. Gourdet has raised a problem which they should address.

Deputy Samuel Madistin cited Articles 111, 111.1, and 111.2 of the Constitution as proof that it is only parliamentarians and the executive who have the right to legislate. Deputy Madistin asked the parliamentarians to declare Mrs. Gourdet's letter unacceptable. [passage omitted]

El Salvador

ARENA President Urges Investigation of Deaths

PA0807185992 San Salvador Canal Doce Television in Spanish 0300 GMT 8 Jul 92

[Text] Armando Calderon Sol, president of the ruling ARENA [Nationalist Republican Alliance] demanded a thorough investigation by the Truth Commission—to be shortly installed—on the deaths of mayors, judges, and well-known personalities, allegedly murdered by Farabundo Marti National Liberation [FMLN] members during the 10-year war. To carry this out, the ARENA leader asked for cooperation between the ad hoc commission and the Truth Commission. Here are Calderon Sol's remarks:

[Begin Calderon Sol recording] We have before us tragic cases committed by the guerrillas and by the violence of this aggressive action that led to... [pauses] They murdered people and charges were leveled against them. Remember the martyrs, such as intellectuals at the level of Dr. Peccorini... [pauses] it would be too long to mention... [pauses] recall Jose Antonio Rodriguez Porth, a gentleman, an ARENA ideologist, an ideologist, and a defender of the freedom in the nation who was sordidly murdered. Therefore our goal is for these commissions to work impartially so that they can get to the bottom of this. [end recording]

Further on, Calderon Sol expressed his distrust regarding the types of weapons turned over by the FMLN to ONUSAL [UN Observers for El Salvador]. Calderon Sol has asked this international organization to verify the types of weapons handed over as, he stressed, they have not turned in the modern weapons and equipment they used in the final years of the conflict.

[Begin Calderon Sol recording] We Salvadorans know—because we were victims—the kinds of weapons the guerrillas used to attack with during the 12-year war that we experienced. It is impossible for the guerrillas to hand over weapons now that have no relation to what we experienced. In this regard, we think that ONUSAL should verify that the weapons that are turned over match the inventories and match what we Salvadorans have experienced and seen. [end recording]

The statements by the capital's mayor were made during the symbolic delivery of a new Simon Bolivar statue donated by the government of President Carlos Andres Perez. The statue will be set up at the park that bears the liberator's name.

Honduras

Callejas on Environmental Protection Measures

PA0607223592 Tegucigalpa EL HERALDO in Spanish 6 Jul 92 p 38

[Text] Las Marias, Gracias a Dios—On 4 July, President Rafael Leonardo Callejas announced in La Mosquitia that the government will "permanently and definitively" ban logging activities in that part of the country.

During a two-day tour in which he camped in the jungle biospheric area near the Platano River, President Callejas had a close look at the destruction caused to the natural reserve. He said that short-term measures have been adopted to prevent any further deterioration of the area.

Callejas said that the measures will include creating a special commission for biospheric problems, made up of officials from the Ministries of Defense and Natural Resources and institutions such as the Honduran Corporation for Forest Development, the National Agrarian Institute, and the National Commission on the Environment.

Callejas said he is studying the possibility of expanding the size of the reserve by incorporating the Wampu and Patuca regions and part of the Agalta Mountain Range, to have an environmental protection zone of 10 sq km of tropical rain forest.

He said that the first step will be delimiting the zone, for which the government has assigned a fund of 2.5 million lempiras.

The activities will include relocating ethnic groups and persons that are not natives of the Platano and Patuca River regions to areas outside the protection and reserve areas.

"While the delimitation takes place during the next few months, we will act firmly to prevent further deterioration of the environment," he added.

He noted that prohibitions will include not permitting the use of mechanical saws, and in general, banning all logging activities.

Callejas said that as the presence of the Armed Forces in environmental protection areas is increased, further assistance can be requested from the Japanese and Canadian Governments to take care of approximately 10 percent of the tropical rain forests in the national territory.

He added that in that sense, the government is currently conducting intensive efforts to obtain a donation of 40 million lempiras from the German Reconstruction and Development Bank (KFW) to implement a gigantic project for the management and protection of the reserve area, which the United Nations declared "World Patrimony."

Although Honduran laws do not address "ecological crimes"—which will soon be incorporated into the penal code—Callejas praised the activities conducted by the Armed Forces in the zone. The military institution recently confiscated more than 60,000 feet of dark wood illegally taken from the southern part of the biospheric area.

"Although some groups may criticize those actions, in my opinion they deserve my total support," President Callejas stressed.

Nicaragua

Presidential Spokesman on Blocked U.S. Aid

PA0907025392 Managua Sistema Nacional de Television Network in Spanish 0100 GMT 8 Jul 92

[Text] Ten Republican senators of the United States joined Senator Jesse Helms in blocking $104 million in U.S. aid to Nicaragua for two months. In light of that announcement, a number of necessary measures will be adopted.

[Begin Presidency Spokesman Danilo Lacayo recording] On the morning of 7 July, the U.S. Embassy charge d'affaires informed the Nicaraguan Government that 10 Republican senators, headed by Sen. Connie Mack, have adopted Sen. Helms' position.

Foreign Minister Ernesto Leal, who is in Washington, will meet with Sen. Mack and the other Republican senators to address their concerns about Nicaragua. [end recording]

President Violeta Chamorro has formally invited Sen. Helms to Nicaragua so he can talk to different sectors. That invitation has now been extended to the other 10 senators whose positions reflect political rather than legal interests.

[Begin Lacayo recording] There are no more legal obstacles, but there is a political obstacle. We hope those obstacles will end soon so aid can reach Nicaragua and we can continue our economic and social development. [end recording]

The Nicaraguan Government does not rule out the possibility that members of the economic cabinet could travel to the United States. In the meantime, the foreign affairs and government ministers are in the United States trying to explain Nicaragua's real situation.

PRN Adviser Notes Harassment of Party Members

PA0807165392 Managua Radio Corporacion in Spanish 2200 GMT 7 Jul 92

[Text] We publicly report to the government and the Political Parties Council that leaders and members of the Nicaraguan Resistance Party [PRN] are being harassed and that the Constitution is being violated, Dr. Noel Rivera Gadea, legal adviser for the Nicaraguan Resistance, said. Despite the Sandinist People's Army's veiled threats, the PRN will hold its national elections in the first half of August. This is Dr. Rivera.

[Begin recording] [Rivera Gadea] The PRN has addressed a letter to Hugo Mejia, president of the Political Parties Council, reporting that in various municipalities throughout the country state security agencies have been repressing and blackmailing our members in an effort to throw a monkey wrench into the PRN national organization. In Masaya, Juan Hernandez Gaitan, vice president of the local PRN committee, was detained by the Sandinist police but so far no charges have been filed against him. In Somoto, Silvio Jose Abim and Blanca Estela Chalat, vice president and senior member of the local committee, resigned under pressure from known members of the state security agencies. Similarly, the secretary of the San Carlos municipal committee, was detained. All of this repression and blackmail against PRN members is aggravated by murders throughout the country. Commander Fernando of the Nicaraguan Resistance was killed. This climate makes it difficult for the PRN to maintain its organization. Our party is demanding from the central authorities a specific answer that will guarantee us freedom of movement and organization as stipulated by the Constitution. Thus, the attempt to eliminate the national organization of all PRN departmental and municipal branches can be averted.

[Unidentified reporter] In view of this harassment of the PRN departmental organizations, will the party elections be postponed?

[Rivera Gadea] No. Schedules have already been established. No changes have been made in the programs reported to the Nicaraguan people. In our letter to Mejia, we have demanded the constitutional guarantees to organize ourselves, to which all Nicaraguans are entitled. We are calling all followers, supporters, and members of the Nicaraguan Resistance to continue the struggle for organization in the country so that the PRN can become a political reality for all Nicaraguans. [end recording]

Commentary Criticizes Ortega for Threatening War

PA0807041992 Managua Radio Corporacion in Spanish 2200 GMT 7 Jul 92

[Station commentary]

[Text] It is an ill wind that blows no good. While two visible members of the current government waste their time in a fruitless struggle that benefits no one and on the contrary, harms the country's progress, Daniel [Ortega], in his usual cheeky and offensive language, threatens us with a fresh bloodbath if the government yields to the pressure of those who give us their money so we Nicaraguans can develop ourselves. In other words, this man who lives in another world wants Violeta Chamorro's government to consult with the Sandinist National Liberation Front [FSLN] before every step it takes, as if the FSLN administration, or rather Daniel's administration, had been something wonderful and out of this world. Maybe it was out of this world, but in a disastrous and disorderly manner, particularly in the way it freely and generously distributed privileges to FSLN members.

The fact that an organization that devastated the country attempts to lecture on administration departs from normalcy and enters the destructive dominion of psychiatry. Yet the FSLN goes even farther. This man and his accomplices continue to abuse democracy and the freedom advocated by the government. He shows up at

municipalities with Sandinist mayors to inaugurate works as if he represented the government or as if he were the current president. We are not intimidated by that attitude, because it is the normal behavior of communists. It is disturbing, however, to see them profit from the money given by those whom they call enemies of mankind. We all know that the great majority of works in municipalities were built with the millions of dollars that the U.S. Government has been providing through the Agency for International Development. While this opportunist appears as a benefactor without contributing a single cent, the members of the government alienate themselves from one another, fight among themselves, air one another's dirty laundry in public, and quarrel like fishwives, all of which weakens the effort to establish democracy and, unawares or in full knowledge, plays along with the enemies of the people.

We will lose power if we lose cohesion and unity, and it will be even more difficult to recover it. It is time to warn the quarrelers that the sacred interests of the homeland must prevail over personal interests. It is unfair to easily forget the blood that has been shed and the lives that have been sacrificed in a war that only resulted in loss. It is also unfair for us to make the mistake of falling into the dissension that arises in the struggle for power.

We are not against those who desire to become government leaders in the country someday. We are against the weapons used to destroy the rivals who enjoy a better chance of obtaining a superior position in the people's minds. The enemy is alive and well and seeking a chink to infiltrate. Daniel never rests and never overlooks an opportunity to disturb others and encourage his few followers. If we calmly consider this virulent comrade, we will realize that his work consists of dividing the government. He knows that the millions of dollars were frozen solely because of the FSLN. For that reason, without thinking twice, he now threatens to unleash a new war. In doing so, he attempts to invalidate any effort to release the aid. He seeks to harden Senator Jesse Helms' stand. As the popular Mexican comic figure Chespirito would say, all his movements are calmly calculated.

Therefore, we should not fall for the trick of fighting one another. Let us keep in mind that this government is the result of a coalition of 14 parties, and those same parties must work to once again achieve the unity that existed prior to the elections. Let us keep that goal in sight, because if we fail, we will all suffer the consequences. Let us not lose the proper perspective. The enemy is lying in wait, ready to seize upon any stumble. The government should investigate Daniel and subject him to trial if necessary. Any civilized country where legal mechanisms are activated to straighten out transgressors would have already taken to the accused man's bench this man who calmly threatens war. But here no one is willing to get in his way and set him straight. Why do we not administer to him the same medicine he doled out to those who opposed his misgovernment? Have we already forgotten the thousands of Nicaraguans who were detained and sentenced without trial only because they were not communists and did not approve of the ideology and manner of government of this man who, like a modern vampire, relishes the taste of blood?

His remarks and the indifference with which they are regarded are what has put us in a bad light in the eyes of our friends who have come to our aid. Because he has not even been questioned about his extremist stand, his remarks cast doubt on the government, and suspicion is not far behind. Any other person who said such a thing would have already been put behind bars. Thanks.

Students Demand Supreme Court Decision on Amparo

PA0407031492 Managua Radio Sandino in Spanish 1830 GMT 2 Jul 92

[Text] At least 2,000 Managua university students protested in front of the Supreme Court of Justice on 2 July. The students demanded that the magistrates take a stand on an amparo presented against the executive branch for not allocating an amount equivalent to 6 percent of the national budget to the national universities. The university community presented the amparo on 27 February.

After belligerently marching down University Avenue, the demonstrators were received by Alfonso Valle Pastora, secretary of the Supreme Court of Justice. On behalf of the magistrates, Valle requested an extension until 24 July to decide on the amparo. Union leader Rafael Henriquez asked the students for their approval, but they refused to give the time extension, stating that the court has had enough time to issue a ruling.

The students, who were accompanied by the National Autonomous University of Nicaragua and Central American University [UCA] directors at all times, decided to continue their protest in front of the Supreme Court of Justice and along University Avenue. Rafael Henriquez, president of [word indistinct], addressed the thousands of students at the demonstration, and Gonzalo Carrion, president of Ceuca [not further identified], made statements to the Radio Informacion reporter:

[Begin recording] [Henriquez, broadcast in progress]...by the court on our demands. If the 45-day [number as heard] deadline extension started immediately, it would end approximately on 24 July. [people shout] We are on vacation on that date. We, thus, propose that we continue our protest and hold another one next week to ask that the ruling be given before 24 July. Do we agree? [applause] We have to demand a prompt ruling because our universities cannot continue to operate under their current economic deficit. Also, we will not accept that they charge the students for this cost. [people shout: No] Well companions, let us march again at the same time on 9 July, to demand that the magistrates give us their ruling on that same day. We will also continue our activities here and at the UCA campus on the afternoon and night of 2 July.

[Carrion] We say we cannot stop moving. We have to continue protesting permanently because the court

cannot continue to make us wait. We are here to get the court to issue its ruling immediately. We also want the ruling to be in our favor; we want it to benefit the universities. We are also not going to accept that they charge the students for this cost.

[Unidentified reporter] What other activities have you scheduled until the court issues its ruling?

[Carrion] As I told you, we will continue our demonstration on 2 July. We will continue to demonstrate at the [word indistinct] University Avenue of the UCA. These activities are to show that we will not accept a delayed response and, much less, a response that is not in our favor. Thus, we will continue with our activities. We call on the Supreme Court of Justice and its magistrates to issue their ruling immediately and in our favor. A ruling against us is very dangerous. Nobody can measure the consequences of the students' reaction because their studies have been seriously jeopardized. [end recording]

Argentina

Central Bank Director Submits Resignation

PY0807210092 Buenos Aires BUENOS AIRES HERALD in English 8 Jul 92 p 3

[From the "Business World" column]

[Text] (NA)—Central Bank (BCRA) Director Hernan del Villar resigned from his post due to "personal reasons," BCRA President Roque Fernandez announced yesterday. Del Villar was in charge of relations with the provincial banking sector.

Immigration of Russians, Poles 'Imminent'

PY0907010692 Buenos Aires PAGINA/12 in Spanish 23 Jun 92 pp 16, 17

[By Eduardo Febbro]

[Excerpt] The Russians are coming. At least that is what seems to emerge from the 10,000 asylum requests that have been received at Argentine consulates throughout the world during the past few months. The majority of the requests have come from the former USSR and Poland. An idea that had been launched without any thought—the immigration of qualified workers from Central and East Europe in order to lift the immigration pressure on West Europe—has now become a "serious project" with the participation of international financial institutions, which will help the immigrants, the United Nations, and the Red Cross. The plan's implementation is imminent with a pilot test of 200 families, and then monthly groups of 1,000 families. This information was given to PAGINA/12 by Mario Burkun of the Argentine Foreign Ministry. [passage omitted]

* Bids Submitted for Urban Rail Privatizations

92SM0462B Buenos Aires CLARIN in Spanish 6 Jun 92 p 17

[Text] Six consortiums comprised of national and foreign firms yesterday submitted their bids and additional preliminary data in the bidding process initiated for the metropolitan railroad and subway system contracts.

The firms, whose technical operators are rail companies in the United States, Canada, Great Britain, New Zealand, Chile, France, Italy, and Japan, tendered four bids for the Mitre line, six for the Sarmiento railroad, and five for the Urquiza line and subways.

Coming after the minister of economy's postponement two weeks ago (due to a legal ruling that halted bidding as the result of a claim from one of the bidders), transportation authorities yesterday received the envelopes containing supporting documents and business and financial proposals from groups seeking to operate urban railroads.

The regulation passed by the government transferring the trains and subways to private operators reads as follows: The government will grant concessions for the economic and technical operation of the various services, while at the same time setting up a system of subsidies for concessionaires.

The purpose of government subsidies is to make up any fare losses suffered by private operators and to finance investments needed to reorganize and rebuild the rail infrastructure.

Reception of the envelopes (one "B" and two "A's" and "B's") for the Mitre, Sarmiento, and Urquiza lines and subways, the first ones offered to the private sector, took place yesterday at a ceremony presided over by Transportation Secretary Edmundo del Valle Soria, who was accompanied by Buenos Aires Mayor Carlos Grosso. Also attending were: Liliana Gurdulich, head of the bicameral committee; Jorge Kogan, coordinator of Femesa [Buenos Aires Metropolitan Railways and Subways] privatization; and labor leaders Jose Pedraza (Railroad Union) and Ernesto Jaime (La Fraternidad).

Kogan said officials will begin work within the month prequalifying consortiums based on preliminary data presented in order to correct observations and questionaires completed by the privatization committee. This phase will be followed by the opening of technical and financial bids. The preliminary awarding of the first lines will come around the end of September, with the actual transfer to private operators occurring during the first quarter of 1993.

The second phase of privatization includes the Roca and San Martin lines, bids for which will be accepted on 7 July. In the meantime, the Belgrano North and South lines will conclude the bidding process on 20 August, the date set for the tendering of bids.

Lines and Bids

Following yesterday's presentations, the bidding went as follows:

The Mitre Railroad received four bids from firms headed by Benito Roggio, Pardo Rabello, Trainmet, and Ferrometro Argentino (see table).

The Urquiza Railroad and subway system had five bidders: Benito Roggio, Ferrometro Argentino, Trainmet, Metrobaires, and Pardo Rabello.

The Sarmiento Railroad received the most bids. The six bidders were Benito Roggio, Ferrometro Argentino, Metrobaires, Pardo Rabello, Trainmet, and Metropolitan Railroads, a consortium headed by the Pescarmona group.

Firms Bidding on Femesa

Consortium	Rail Operator
IMPSA, Alesia, Petersen, Thiele and Cruz, Olmatic	New Zealand Rail, Amtrak, Berger Group

Firms Bidding on Femesa (Continued)

Consortium	Rail Operator
Benito Roggio and Sons, Cometrans, Inc., Burlington Northern Railroad, Morrison Knudsen Corporation, and SKS, Inc.	Burlington Northern Railroad, Transurb Consult.
Pardo Rabello and Co., Inc., Polledo, Inc., Parenti and Mai, Inc.	Transmark, subsidiary of the British Railways Board
Trainmet, Inc., Ormas, Inc., Roman, Inc., Materfer, EACSA, DGT, and Cominter	Toronto Transit Commission, Toronto Transit Consult., JARTS (Japan), Bart, G.O. Transit
Argentine Ferrometro Consortium, Sofrerail, ITACO, Burisaco, Ferromel, Inc., Ygils, Panedile, and BNL	Intermetro (Italy), Sofrerail (France), Ferrovie Nord Milano
Metrobaires, Supercemento, DYOPSA, F. Natino, Aragon Constructions, Madcur Constructions, Thol, Inc., and Huayqui, Inc.	Santiago de Chile Metro Transport Company

Subsidies

Based on general bidding parameters, the groups that win concessions (for a 10-year term extendable for a similar period) will be required to provide as a minimum those services existing at the time of takeover.

Based on how the bids appear to be shaping up, the concession for each line will be won—all other things being equal—by the group seeking the lowest subsidy from the government.

According to the specifications and bidding conditions, one source from which resources may be obtained to cover subsidies will be real property concessions made by Femesa based on its real property and main stations. So far, this privatization process has not been implemented and all indications are that it will not before the end of the year.

While no official figures are yet available, initial calculations by businessmen and experts in the sector indicate that for the actual "operation" of all rail lines, subsidies requested reportedly amount to some 100 million pesos a year, while the "infrastructure required," based on specifications, would run as high as 200 million a year for the entire system covered by the concessions.

San Martin Line for Pescarmona

The national government yesterday awarded a preliminary concession for the General San Martin Railroad to the Central Railroad Consortium [CFC] headed by enterprises comprising the Pescarmona group.

By virtue of Resolution 684, Minister Domingo Cavallo yesterday awarded the 5,400 km of the San Martin Railroad system and a piece of the Sarmiento on a preliminary basis to the consortium headed by the IMPSA [Pescarmona Metallurgic Industries, Inc.] firm for a period of 30 years.

The better of the two bids presented by the CFC and Astramar-Produmet Group was the one from the Pescarmona group because it pledged to invest $356 million over the first 15 years.

The makeup of the CFC group is as follows: IMPSA, 60 percent; Roman Maritima, 25 percent; Transapelt, 8.7 percent; and Hugo G. Bunge, 6.3 percent. The rail operators will be the American company Conrail and the Railroad Development Corporation (RDC).

The bid presented by the CFC envisions the payment of a tax to the government during the first 15 years of the concession amounting to $70.5 million and the incorporation of 2,226 employees from Argentine Railroads [FA]. The toll required of the operator responsible for passenger services that are not part of the concession amounts to 87.7 million pesos if all long-distance trains now operating are kept in service for 15 years.

The concession for the San Martin Railroad, excluding urban sections in Buenos Aires, is for a period of 30 years with the possibility of a 10-year extension. The CFC will have access to control of 80 percent of the concessionaire company that will handle commercial operation of the San Martin, inasmuch as the government has reserved a 16 percent share for itself and another 4 percent for FA workers.

After winning the San Martin bid, the Pescarmona group may now gain access to operation of the Urquiza Railroad.

Bolivia

EGTK 'Responsible' for Attack in Sucre

PY0807150092 La Paz Radio Fides Network in Spanish 1100 GMT 8 Jul 92

[Text] After learning about a bloody incident on 6 July, where two children were victims of an explosion in the vicinity of Sucre, Interior Minister Carlos Saavedra Bruno admitted that the Tupac Katari Guerrilla Army [EGTK] has not yet been totally dismantled. The minister said that the EGTK is responsible for attacks against the country and for murder.

[Begin Saavedra Bruno recording, in progress] ...above all children. Those who claim to defend the poor are now murdering them. According to the information we have, it was a dynamite stick that was placed, in the EGTK style, in a plastic bag... [hesitates] with a system that they use. The children opened the bag, began to investigate what was inside it, and the bomb exploded practically destroying their bodies.

We are very sorry about it. I wish everyone will reflect on the fact that violence leads absolutely nowhere. [end recording]

President Jaime Paz Zamora yesterday attended a ceremony where the figures of the last national census were released. He called on people to join efforts to fight terrorism.

Demonstrators Protest DEA Presence

FY0807125492 La Paz Radio Fides Network in Spanish 1100 GMT 8 Jul 92

[Text] The people of Trinidad yesterday protested the recent abuses by DEA and UMOPAR [Rural Area Police Patrol Unit] personnel. Public and private institutions and people's organizations demonstrated in a massive march yesterday afternoon in the streets to demand respect for dignity and human rights.

The following shouts could be heard during the civic march: [passage indistinct]

When passing in front of the (?Ganaderos) hotel where DEA personnel are staying, the demonstrators—especially the youths—shouted demands that DEA personnel should leave the department and the country.

After the protest march and just before beginning a rally, several youths burned two U.S. flags and repudiated the abuses by DEA personnel in this department.

During the rally, (Enrique Monasterios Chavez), president of the Civic Committee of Trinidad [words indistinct], asked the department prefect—on behalf of the Trinidad people—to take legal action against those responsible for unjustified raids, homicide attempts, unjustified arrests, and abuses committed in the indigenous communities.

(Jenny Barberie), president of the Beni Women's Civic Committee, warned those who commit abuses in the country that this will be the last peaceful protest by the Beni people, adding that a stronger protest will be held to ensure that the people's dignity is respected if abuses continue.

COB [Bolivian Labor Federation] leader Ediberto Mamani also expressed his repudiation. He said that Beni workers will not allow this region to be used as a nuclear waste dump for northern countries. He demanded an explanation from the prefect on what he referred to as the so-called civic action that is being implemented in this department.

Bolivia, Germany Sign $115 Million Agreement

PY0307124792 La Paz Television Boliviana Network in Spanish 0200 GMT 3 Jul 92

[Summary] Bolivia and Germany today signed an agreement worth approximately $115 million. The money will be used to finance road construction and repair, electricity projects, alternative development projects, sewage disposal construction, and development of small mining firms. The agreement was signed by Foreign Minister Ronald MacLean.

Brazil

Collor Meets Northern Governors, Releases Funds

PY0907025892 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 8 Jul 92

[All figures as heard]

[Text] The government will release a total of more than 720 billion cruzeiros to the northeastern states before the end of the month. President Fernando Collor met with several governors of these states today.

President Collor changed his routine and remained in his house the entire morning. At noon, he went to the government palace to receive 11 governors from the northeastern and central-western regions. The government has released 176 billion cruzeiros for infrastructure works in their states. The governors stressed that the country cannot come to a halt and that it is necessary to wait for the results of the CPI [Congressional Investigating Committee].

[Begin recording] [Ceara Governor Ciro Gomes] It is the right of the president of the Republic, who was elected by the people, to be considered innocent until definite and categorical evidence demonstrates his guilt.

[Bahia Governor Antonio Carlos Magalhaes] What the country needs now is all of us, including the media, working together to solve the country's serious economic problems that, without doubt, are worsening the political crisis and vice versa. Let us solve the two problems together for the benefit of Brazil.

[Rio Grande do Norte Governor Jose Agripino Maia] I think the current moment requires seriousness, an investigation, conclusions by the CPI and punishment of whoever is guilty by the Federal Police.

[Sao Paulo Governor Antonio Fleury Filho] To summarize our conversation, the president, as he has said since the beginning, reasserted that he wants the case to be fully clarified. [end recording]

Collor, Farias Investigation Continues

Real Estate Links Examined

PY0807215692 Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Jul 92 Section 1 p 5

[By Brasilia bureau director Gilberto Dimenstein and Ediana Balleroni]

[Text] President Fernando Collor has officially reported that his relationship with businessman Paulo Cesar Farias, alias PC, ended at the time of the electoral campaign. But they are still very close to each other—at least in real estate matters.

Documents obtained by FOLHA DE SAO PAULO confirm that PC purchased, through one of his companies,

the EPC (Participations and Constructions Company, Ltd.) [Empresas de Participacoes e Construcoes Ltda], several properties in the Mansions of the Lago Norte sector, where the president lives. Among them, a property (a lot with four houses) near Casa da Dinda [Collor's private residence]. It was purchased on 21 August 1990 for 20 million cruzeiros, which would amount to 920 million cruzeiros today.

PC decided, however, to leave the houses uninhabited and to make his residence in the same region, but in an area a little farther away from Casa da Dinda. In abandoning the house, PC lost a monthly rent of approximately $6,000 (20 million cruzeiros), in today's market value.

When Collor won the elections for president, the Military Household at Planalto Palace was against his stay at Casa da Dinda—that position was transmitted to the victorious candidate himself. The reason for the Military Household position was that it would be very difficult to take care of the president's security at Casa de Dinda. The long stretch of road to drive by car was one of the problems that increased the risks.

The other problem was the neighborhood. The Military Household feared that the region would attract neighbors interested in being near the president, who was used to jogging on weekends.

In practice, PC helped reduce that problem by purchasing a house next to the president and abandoning it. Another friend of the president also contributed. Deputy Paulo Octavio (PRN-DF) [National Reconstruction Party-Federal District] purchased another house near the Casa da Dinda on 12 June 1991 for 240 million cruzeiros at that time—which today would represent 2.6 billion cruzeiros, approximately $691,000.

Paulo Octavio repeated PC's strategy: He also abandoned the house, thus losing at least $2,500 monthly, approximately 9.4 million cruzeiros. The deputy and businessman yesterday told FOLHA DE SAO PAULO that he thought about living in that mansion at first, but that he was "convinced to the contrary by his wife."

Paulo Octavio went even further. On 27 July 1990 he purchased a lot next to the Casa da Dinda lot. This purchase was made four months after President Collor's inauguration. It would be impossible for anyone to build a house next to Casa da Dinda if Paulo Octavio did not want to sell the lot.

But Paulo Octavio decided to make a direct real estate transaction with his friend, the president. On 4 February last year, the deputy sold Collor the lot for 10 million cruzeiros, which today would represent 156 million cruzeiros. Its value of the lot today is 488 million cruzeiros.

The documents obtained by FOLHA DE SAO PAULO show a curious coincidence. The same day that Paulo Octavio was selling the lot to Collor, PC also was purchasing a lot, from Paulo Octavio. The lot, near Casa da Dinda located in Zone 9, was purchased for 7 million cruzeiros—110 million cruzeiros when updated. Following Collor's example, PC also made a good deal, because the lot costs 400 million cruzeiros today.

PC Partner Heads Firms in U.S.

PY0807204992 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Jul 92 p 4

[By correspondent Mara Bergamaschi]

[Excerpts] Brasilia—Ironildes Aniseto Teixeira, mentioned by Pedro Collor de Mello as one of Paulo Cesar Farias' main figureheads abroad, is at the head of eight enterprises in Florida alone. This information was obtained from the U.S. Trade Registry, and will be delivered next week by Deputy Jose Dirceu (Labor Party for Sao Paulo State) to the Congressional Investigating Committee (CPI) investigating charges of influence peddling against Paulo Cesar Farias. According to Dirceu, another seven Brazilian citizens, as well as Ironildes, his wife Ana, and pilot Jorge Bandeira de Mello, are suspected of having helped PC carry out financial transactions abroad. [passage omitted]

Bandeira, who is PC's partner in the Brasil-Jet enterprise, is only Ironildes' partner in the Parts Express enterprise. With the exception of the Miami Leasing, all the enterprises operate at the same address in Fort Lauderdale: 7315 NW 53d Street, near the airport. Only the Interglobe Enterprise, currently inactive, has a different address. These enterprises were created between 1988 and 1990. In addition to Ironildes, three U.S. citizens are mentioned as founders of some of these enterprises: James Kyne, Harvey D. Rogers, and Stephen Freeman. Dirceu believes that "these enterprises, which only exist in writing, are only front companies used to carry out illegal foreign currency transactions."

Former Minister Cardoso Testifies

PY0807172692 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 8 Jul 92

[Text] Former Economy Minister Zelia Cardoso de Mello has testified before the CPI, which is investigating the activities of entrepreneur Paulo Cesar [PC] Farias. She confirmed that she received petitions from PC Farias during the period in which she headed the Economy Ministry. The former minister said there was no special petition that was worth remembering.

Zelia Cardoso de Mello's testimony, which lasted about two hours, was heard by Deputy Benito Gama, the CPI chairman at Zelia's house in Sao Paulo.

Franco's Accounts, Assets To Be Investigated

PY0807180992 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 8 Jul 92

[Text] In a letter addressed to Military Household Chief General Agenor Homem de Carvalho, Vice President

Itamar Franco has authorized an investigation of his private bank accounts and assets.

In his letter, Itamar Franco expressed his indignation over reports by newspapers that federal officials asked the Federal Revenue Office for his latest income tax statements. The vice president of the Republic emphasized that he has nothing to hide and that he has never dodged taxes.

In an official note, Economy Minister Marcilio Marques Moreira denied the existence of any proceedings by the Federal Revenue Office to investigate Vice President Itamar Franco's tax statements.

According to the official note, the only information available on this issue is contained in Form 364/92 supplied by the Juiz de Fora Federal Revenue Office agent and disseminated by Itamar Franco himself.

Franco Reacts to Investigation

PY0807181092 Rio de Janeiro O GLOBO in Portuguese 8 Jul 92 p 5

[By Ricardo Amaral]

[Excerpts] Brasilia—Vice President Itamar Franco has used President Fernando Collor's method—a note—to voice his disgust over what he considers a provocation. Franco found out yesterday that Planalto Palace has been investigating his income statement (which he failed to submit in 1987, 1988, and 1989) and wrote a letter to a friend in Brasilia: "Both Planalto Palace and Congress are perfectly aware that the vice presidency is not subject to any investigation by the CPI [Congressional Investigating Committee] currently in force."

At least two CPI's are currently investigating current and former presidency officials: the case of PC Farias and of Pedro Paulo Leoni Ramos, former secretary for strategic affairs. Reports that Planalto is allegedly obtaining information on Itamar from the Federal Revenue Office were published by the media. The note, transmitted by fax from Juiz de Fora, contains the vice president's harshest reaction since the possibility of impeaching Collor as a result of the charges against PC Farias was mentioned. [passage omitted]

Itamar's Note

"I am not the sort of person to wait until tomorrow, I give an answer today. I deem it appropriate.

It is hard to believe that this information originated at Planalto Palace, as it, itself, states.

The palace is perfectly aware that it does not need to formally ask the Chamber of Deputies for any document of public interest involving me, everything is permanently at the disposal of the government authorities and any interested person.

I have nothing to conceal.

What is more, both Planalto Palace and Congress are perfectly aware that the vice presidency is not subject to any investigation by the CPI currently in force.

Any provocation, from anywhere, will get an immediate response.

I am no debtor. If anything, I am a creditor of the Tax Revenue Office." [passage omitted]

This note is just another episode in a series of exchanges between the president and his vice president. [passage omitted]

* Franco's Talks With Military, Others Viewed

92SM0489A Sao Paulo ISTOE in Portuguese 24 Jun 92 pp 24-25

[Article by Otaviano Lage]

[Text] Vice President Itamar Franco's schedule holds Monday 22 June free for a trip along the Amazon River at the invitation of the Navy. It even includes an overnight stay on a Navy corvette. This will not, however, be some ecological sightseeing trip arranged with a few military officers during the Earth Summit. We know that between plates of pirarucu [a huge Amazon fish] and admiring glances at the horizon, Vice President Franco will be discussing with high-level Army and Air Force officers such subjects as the possibility of an accident of a political-institutional nature. For those days on the river and in the jungle, Itamar decided to take along one of the books he keeps on his bedside table. He chose "The Art of Waging War to Win Peace," by Shun Tzen, the Chinese philosopher who turned Temujin into Genghis Khan, founder of the Mongol Empire, a warrior who in about 1200 conquered almost everything that lay between Peking and the Volga River, whose bed cuts through the European part of Russia.

It is not expected, however, that this tour, packed with stimulating conversation and reading, will work any change in the temperament of this engineer and administrator, who was born on the high seas but registered in Juiz de Fora in the Mata zone of Minas Gerais, 260 km from Belo Horizonte. Typical of the natives of that state, Itamar Franco moves slowly and cautiously. Evidence of this is his self-imposed exile since the charges leveled by Pedro Collor concerning money and power schemes masterminded by businessman Paulo Cesar Farias. That voluntary isolation included the silence that was not broken until Wednesday 17 June, when Itamar gave an exclusive interview to this magazine. To his friends he explains all this prudence as the price one must pay in moments of instability. This does not mean, however, that the President Collor's backup is mute. As the Amazon trip shows, Itamar is neither dead nor on ice, to use a Minas Gerais expression.

Coincidence or not, there has been an increase lately in the number of telephone calls and meetings scheduled with former Minister of Culture and former Governor of

the Federal District, Jose Aparecida de Oliveira, a politician famous for his conspiratorial skills. Former Vice President Aureliano Chaves has been another frequent companion. Recently the Minas trio had lunch at the Hotel Gloria in Rio de Janeiro, shortly after a meeting between Aureliano and former President Ernesto Geisel. A certain gloom settled over the table when those present were informed of a statement Geisel had made on the potential repercussions of a Collor impeachment or resignation: "Brazilian democracy is not yet strong enough to absorb an interruption in a presidential mandate without trauma." However, not all the news of the mood in the barracks has been bad for Itamar.

At another recent gathering, the vice president heard from Navy Minister Mario Cesar Flores about a commitment made by the military commanders. According to Flores, Collor would be given every possible support until the 25th hour. Should the crisis become insupportable, he said, the solution would be a constitutional one, i.e., Itamar Franco would be sworn in. Despite this pledge, the vice president has already said that if he was sitting in Planalto Palace, he would keep the promise Collor made in public and remove from the administration any minister or secretary who had served in the various military governments. The vice president is not unaware that he is far from being a unanimous choice. The greatest resistance to him has been concentrated among some influential politicians and big businessmen. Questioned by ISTOE about the possibility that the vice president might take over, a Sao Paulo banker resorted to a pun to sum up his views: "Ih, ta mar." [Oh, that's bad.] Always pleading anonymity—after all, no one knows what tomorrow will bring—businessmen point to Itamar Franco's curriculum vitae and mention an extremely serious venial sin for a country that plans to get into line with the rules of the modern neoliberal economy: excess nationalism, something they say is incompatible with a country that hopes to enter the First World.

It was because of the privatization of Usiminas [Minas Gerais Iron and Steel Mills, Inc.] that Itamar Franco became a vehement opponent of the government for several days last October. He explains, however, that he is not against reducing the size of the state nor averse to what is going on in the world. His only reservation is that the national interest be preserved, and, according to him, this was not true of the Usiminas case. That was not the only episode in which Itamar publicly expressed his dissatisfaction with President Collor's actions. In April, the vice president criticized the ministerial reform and dramatized his protest by not attending any of the swearing-in ceremonies.

Described by friends as a timid man, Itamar Franco neither drinks nor smokes. He cultivates a small circle of old friends. In his 10 years in the Senate, he never abandoned a group of congressmen who were absolutely loyal to him. Nor is it recorded that the waiting room of his office in Palacio do Jaburu was always crowded with politicians. Itamar fits the description of an almost solitary man. Reading and movies are his diversions. It is known that he is not a wealthy man. His father died when he was born, and it was thanks to the efforts of his mother, Dona Italia, now 93, that he was able to study engineering. After graduation, he had a small construction firm, Itec, but soon left that work to dedicate himself to politics.

Over his lifetime (he will be 61 next Sunday, the 28th), he has been able to buy a house, an apartment, and an office—all three in Juiz de Fora. He told friends that proof of a politician's honesty can be found in his estate, when people find out how little he left to his heirs. Franco is divorced and has two daughters: Georgiana, 21, a law student, and Fabiana, 19, an economics student. According to Roberto Medeiros, an old friend and senatorial alternate, every week Franco gets "a good number of letters from women proposing marriage." Medeiros, incidentally, was one of those responsible for launching Franco's political career. In 1974, after two terms as mayor of Juiz de Fora, an opportunity arose for Itamar to run for a seat in the Senate on what was then the MDB [Brazilian Democratic Movement] slate. When the deadline arrived for him to resign as mayor in order to be eligible to run for another office, Itamar was still trying to decide what course to take. As secretary of administration, Medeiros set the time-stamp clock at the general protocol desk back 10 minutes, which meant the letter of resignation could be delivered exactly at midnight.

A story from that era helps illustrate the vice president's personality. Jose Augusto, his opponent in what was then the Arena [National Renewal Alliance] party, took advantage of a live, free airtime broadcast to counter Itamar's campaign slogan, which was simply: "Accept a challenge." Jose Augusto placed an empty chair in the studio and threw back the invitation, asking for a one-on-one in front of the cameras. One day, Itamar entered the study during a broadcast, sat down in the chair, and asked: "What did you want to see me about?" The Arena candidate lost his cool. He grabbed a broomstick and went after his opponent. Itamar did not try to dodge the blows, disarmed Jose Augusto, and literally ran him out of the studio.

On Friday 26 June, Itamar will be forced to return to Brasilia for his 18th opportunity to serve as acting president. Collor will be traveling to Las Lenas, Argentina, for a three-day meeting with his Mercosur [Common Market of the South] colleagues. The future may hold major responsibilities for the vice president. Itamar says that he hopes it does not, but if necessary he will be ready to permanently take over the office on the third floor of Planalto Palace. "It is my duty," says Franco, who does not intend to add to his curriculum vitae an experience like that of Pedro Aleixo, vice president under Costa e Silva, who was prevented by the military from taking office following that president's death in 1969. Whether or not he is ready for the job is neither here nor there. As Senator Mario Covas reminds us, when illness prevented Tancredo Neves from being

sworn in as president, Vice President-elect Jose Sarney was called on. People may agree that his performance in that office left something to be desired. What matters, however, is that the constitutional system was not undermined.

'Collorgate' May Affect Mayoral Elections

PY0807222292

[Editorial Report] Sao Paulo FOLHA DE SAO PAULO in Portuguese on 5 July publishes in Section 1, page 4, a 400-word article on the lack of support for President Fernando Collor in 10 capital cities. The article begins by saying: "Collorgate might have decisive influence in the mayoral elections in 10 capitals." The article says 30 percent of Maceio, the capital of Alagoas State, voters would not vote for a candidate supported by the president. The article says: "Concerning the federal government, Fortaleza (Ceara State) is the most oppositionist capital in the country today. No less than 59 percent of the voters in this city would not vote for a candidate supported by Collor." The article then notes that in Curitiba (Parana State) 58 percent of voters would not vote for a candidate supported by the president. The article says the rate of rejection of a candidate supported by the president is high in the capitals of Rio de Janeiro State and Rio Grande do Sul State—47 percent in Rio de Janeiro and 45 percent in Porto Alegre.

The article notes: "Although the rate of rejection is also high in Recife (Pernambuco State) and Campo Grande (Mato Grosso do Sul State), these are the two capitals where the president's support would cause less damage: 30 percent of Recife voters would not vote for a candidate officially supported by the president and 37 percent of voters in the Mato Grosso do Sul capital would do the same." The article says: "In Belo Horizonte (Minas Gerais State), Collor is negatively influencing 42 percent of the voters."

The article concludes by stating that 41 percent of the people would reject a candidate supported by the president in Manaus (Amazonas State) and in Goiania, the capital of Goias State.

Central Bank Says IMF Funds Not Requested

PY0707030392 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Jun 92 Economic Section p 8

[By Carlos Franco]

[Text] Rio de Janeiro—Central Bank President Francisco Gros yesterday stated that Brazil has not yet asked for the release of the IMF loan packages corresponding to the first two quarters of the year, amounting to $450 million. According to Gros, the country will need that money only to purchase the U.S. treasury bonds as part of the guarantees to private creditors. The Central Bank president added that the economic team has not yet met with the IMF to discuss the fulfillment of the outlined goals.

Gros admitted, however, that the country has fulfilled three of the five goals outlined in the agreement with the IMF. If a release is requested, Brazil would have to request a waiver [preceding word in English] (postponement). The IMF is quite understanding regarding the economic program and the difficulties encountered with the stabilization process, Gross said.

The Central Bank president said that there are three obstacles to the conclusion of negotiations with private creditors. One of the obstacles is interest payments. Brazil intends to pay 30 percent this year, while the banks want 50 percent. Moreover, private banks also want the conversion of titles resulting from the 1980 agreement (PFAs) [expansion unknown] into investments in the private sector, a measure the government rejects because it would prompt an increase of the monetary base.

The government would accept the banks' request if the titles were used in the privatization program. Another obstacle is the disagreements concerning the deadlines and values of the packages of initial gurantees, totaling $3.2 billion.

Despite the difficulties, Gros believes that the agreement will be concluded "within the next few days or weeks." He added that a French delegation will arrive next week in Brazil for bilateral negotiations of the foreign debt. In his opinion, bilateral agreements within the Paris Club are in an advanced stage.

He defended the payment of interests and the negotiations, and said that "in six years of evading payment, everyone lost." According to Gros, "we must have credibility in the international market to promote development in the public and private sectors."

Pressure To Conclude Foreign Debt Agreement

PY0907001492 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 8 Jul 92

[By Paulo Henrique Amorim in New York]

[Text] International bankers still are pressuring Brazil to conclude the foreign debt agreement. Bankers want more guarantees.

The banks are responsible for the fact that the agreement has not been reached so far. At the last moment, the banks are trying to obtain clearer indications that the Brazilian Congress, namely the Senate, will approve everything that is achieved here.

In general terms, the agreement seems to be reasonable for both parties. Brazil will achieve a discount of between 30 and 35 percent of its total debt. That is, it will pay only 70 or 65 percent of the overall loans it has obtained from private banks. This, within the framework of the Brady Plan, is practically what Mexico and Argentina have achieved, and they stopped a recession and

resumed growth. If it is good for Mexico and Argentina, why will it not be good for Brazil?

More on Foreign Debt Reduction

PY0907031092 Madrid EFE in Spanish 2008 GMT 8 Jul 92

[Text] New York, 8 Jul (EFE)—Arminio Fraga, Central Bank [BCB] foreign area director, stated today in New York that the agreement on Brazilian foreign debt reduction "is about to be agreed upon and delaying it one or two more weeks is of no major importance."

Fraga did not want to provide the internal details of the negotiations "so as not to hinder their development." He explained, however, that "the matter of guarantees is going well."

Braga is a member of the negotiating commission that is representing Brazil in the negotiations with the creditor banks that have been going on in New York for one year now.

The agreement in principle provides for a reduction of approximately 35 percent on medium- and long-term loans of more than $41 billion owed by Brazil to international financing institutions.

Brazil is the most indebted developing country, with its debt totaling $115 billion. It is the latest Latin American debtor country, after Mexico, Argentina, and Venezuela to reach an agreement with the banks in keeping with the Brady Plan.

During a meeting with U.S. analysts and businessmen at the Americas Society of New York, Fraga was optimistic about Brazil's future, as soon as the necessary economic reforms are implemented, especially the debt and fiscal matters.

Fraga admitted that the BCB "currently has much power vis-a-vis Brazil's economic policy." He said that in the future "it will have to give stability to the instructions given by the government."

As for the current political crisis affecting President Fernando Collor's administration, Fraga said that whatever happens, Brazil will meet its international commitments and the reforms "because we have vigorous institutions that can confront these situations."

Congress, President List Bills for Approval

PY0307121092 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Jul 92 Political Section p 9

[Text] Brasilia—In order to extend the congressional period during the congressional recess, both the executive branch and Congress prepared a list of bills that must be voted on before the end of the month. The list sent by President Fernando Collor has 22 items, while the list prepared by Congress includes 14. The two lists include the draft bill presented by Deputy Jose Serra (PSDB- SP) [Brazilian Social Democracy Party - Sao Paulo] which suggests bringing forward the date for holding a plebiscite on the government system.

In addition, the main projects on the Congress List are as follows:
Regulation of public administration bid and contract norms.
Draft bill on the rendering of services at ports on moving, storing, transporting, and controlling merchandise.
Draft bill on the rendering of public services through private initiative.
Regulations for agrarian reform.
Draft bill on the Attorney General's office.
Substitute draft bill on the establishment of standards for the calculation of the Participation Funds [Fundos de Participacao] disbursements.
Regulation of constitution articles on public administration.
Delegation to the executive branch to issue laws essential to ensuring equal salary treatment for public employees.

Executive Branch - The following are the main items included on the president's list:

Fiscal adjustment.
Deregulation of the economy.
Budget Guidelines Law.
Draft bill on fiscal incentives for farming and industry.
Draft bill on rendering of services for movement of merchandise, etc.
Agrarian reform.
Rendering of public services through private initiative.
Regulation of the Intellectual Property Rights Law.
Protection of the Intellectual Property Rights of computer programs.
Regulation of public administration bids and contracts.
Creation of the special internal control secretariat.
Draft bill modifying the social welfare system.
Organizational law for the Attorney General's office.
Delegation of power to the executive branch to ensure equal salary treatment for public employees.
Creation of the Federal Intelligence Center and reorganization of the Strategic Affairs Secretariat.

Main Points of Fiscal Reform Project Revealed

PY0507003492 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Jul 92 Economic and Business Section p 1

[Text] The following is what is known so far about the main points of the government's fiscal reform project, according to the Tax Office:

Federal Government

Income tax—The percentage will be lowered and it will be the only tax for enterprises (probably 35 percent). The exemption limit for individuals has been lowered, thus the number of taxpayers will increase.

Ancillary tax—It will substitute for the tax on manufactured products (IPI), but it only affects cigarettes, alcoholic beverages, vehicles, electricity, fuels, and telecommunications.

Tax on financial transactions (ITF)—It affects all banking transactions, including the issuing of checks, with a total of 0.3 percent (0.15 percent on the credit side and 0.15 on the debit side).

Contribution to the INSS [National Social Security Institute]—It will continue to be paid by workers and employers, but the percentages will be lower.

Trade tax—A combination of the import and export taxes.

Tax on the net assets of enterprises (IPL)—It affects an enterprise's assets and can be fully deducted from the income tax that has to be paid.

States

Value-added tax (VAT)—It is the result of the combination of the IPI with the ICMS [merchandise distribution tax] and with the ISS [service tax]. This tax will be implemented in January 1994. Part of this tax will be given to the municipalities.

Tax on the ownership of self-propelled vehicles—It will be collected as it is collected today.

Municipalities

Real estate tax—A result of the combination of the IPTU [urban and real estate property tax] with the Rural Property Tax (ITR).

The municipalities will discontinue the collection of the ISS, the tax on interpersonal property, and the tax on retail sales (IVV).

General Absolved in Journalist's Murder Case

PY0907025692 Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Jul 92 Section 1 p 4

[Text] (Reserve) General Newton Oliveira Cruz, 67, former chief of the SNI [National Service for Intelligence], was unanimously absolved (7-0) of charges of kidnapping, first-degree murder, and hiding of the body of journalist Alexandre von Baumgarten. He is the first military man to be tried by civilian courts since 1964. The trial lasted approximately 30 hours.

Correction to Collor's Secretary's Ties to PC

PY0407211092

The following correction pertains to the item headlined "Collor's Secretary's Ties to PC Viewed," published in the 6 July Latin America DAILY REPORT, page 20-21:

Page 21, column two, last paragraph, last sentence, make read: ...to say anything bad about his old employers. But he confirmed that he knows Eriberto and that he had seen him delivering envelopes to majordomo Berto to pay salaries.

Eriberto also cited the names of officials of Brasil-Jet, where he regularly used to go to pick up money for Ana Acioli. That was another source of revenue for various payments. According to Eriberto, Ana Acioli also has an account at the Rural Bank, the same institution in which Brasil-Jet had its account, and through that bank she pays the rent on the Santana ZZ-1212. In Ana Acioli's banking life, Brasil-Jet, and all the implications, there is at least another curious fact: During the presidential campaign that banking plan was operated by the Mercantile Credit Bank (BMC). Eliezer Teixeira Pires was the BMC manager responsible for the account. Teixeira Pires then moved to Bancesa, where he is superintendent of the Brasilia branch office. Coincidentally, the BMC was one of the banks used by the Alagoas government during the administration of Fernando Collor de Mello to legally channel funds during the intervention of Produban, the Alagoas State Bank.

Teixeira Pires might be a competent official, but not a calm person with iron nerves. When he was sought by ISTOE SENHOR at 0930 on 26 June to explain why Ana Maria Acioli Gomes de Melo had an account with her name abbreviated, the current Bancesa superintendent almost had a fit. When asked about the coincidence that her accounts were transferred from the BMC to Bancesa when he changed employment, he let his body slide down in his seat, in desolation. "I will only talk after consulting the bank's legal department," he said. The consultation lasted a few hours. At 1405 he phoned the ISTOE branch office in Brasilia with some explanations. First, he could not talk about Maria Gomes' account because of bank secrecy. Also, he admitted that indeed, on leaving the BMC, he took her account to Bancesa. "This is normal in the life of any manager," he argued.

As a good observer of facts within the palace, Eriberto also revealed a minimum, but significant detail to ISTOE. This time, the minimum detail is capable of creating an embarrassment for the president, who in March voiced assurances that he had not spoken to PC Farias for one year and eight months. The president confirmed this in an interview with ISTOE SENHOR, published in this issue (page 22). Eriberto said that on 12 August last year, he met PC at the private elevator of the Planalto Palace basement. It was the president's birthday and the businessman was carrying a package wrapped as a gift. (supplying missing text)

Chile

Minister Views Coordination of Regional Economies

PY0707141292 Santiago EL MERCURIO in Spanish 28 Jun 92 p C6

[Text] Chilean Finance Minister Alejandro Foxley reported that those responsible for the economic control

of six of the largest Latin American economies have agreed to establish regular meetings to coordinate economic policies and strengthen development processes in the region.

The minister reported the news to EL MERCURIO on 27 June, after returning to the country from a meeting in Guri, Venezuela, with the finance ministers of five other countries in the region. This meeting preceded the one U.S. Treasury Secretary Nicholas Brady had in Washington with 11 Latin American ministers.

The countries that agreed to have the regular meetings are: Mexico, Venezuela, Colombia, Argentina, Brazil, and Chile. These countries' economies represent 90 percent of regional production. This initiative was proposed during the meeting organized by Minister Foxley on the central Chilean coast last year. The next meeting will be in Oaxaca, Mexico, in February 1993.

Foxley said: "Chile is interested in strengthening its development and projecting its economy internationally. For obvious geographical reasons, it is important to coordinate advances in economic policies with countries such as Argentina and Brazil. We have economic policies similar to that of the other countries. Like Chile, they also have made important progress in controlling their inflation and opening their trade."

He said that from a political viewpoint, a large number of consultations among Latin American countries will be vital in terms of the creation of blocs such as the U.S. Free Trade Accord, the EEC, and the integration process in Asia, where 38 percent of Japanese exports stem from countries in its area of influence.

Foxley said that the usefulness of these efforts for coordination and political harmonization was evident. He noted that the Guri meeting helped balance the positions on the ways to handle the increase of capital from the Inter-American Development Bank [IDB] and the Multilateral Investment Funds, which is part of the Bush initiative to be enforced in the next few months. He said: "They are huge resources that will be available to finance major regional projects in the postadjustment stage."

He stated: "The Latin American ministers believe that such resources should be available to urgently finance projects that can help improve the quality of basic services because it was proven that the necessary investments were not made in this sector during the adjustment periods."

He said that the governments must quickly solve problems like the rationing of potable water and electricity; the critical situation of urban transportation; deficient telephone services in cities like Caracas, Bogota, Sao Paulo, and Buenos Aires; and air pollution in Santiago, which represent a deterioration in the quality of life.

He stated that a second stage of investment will be aimed at strengthening the trade integration process in the region through roads networks, gas and oil pipelines, electrical connections, and air transport, and by favoring joint ventures or joint investments among businessmen from various countries.

The third stage of these resources will be the financing of projects intended to strengthen productive sectors that have not yet joined exporters. As for the meeting between the 11 Latin American ministers and Brady, Foxley said they discussed the importance of tax and fiscal reforms to handle the continent's democracies.

He said: "Various countries face huge difficulties in effectively implementing economic policies in a timely manner either because the executive branch and congress do not maintain good relations, or because of the legislative branch's slow and annoying procedures."

Foxley thinks that Chile's main advantage is based on its political system rather than on its economic opening. He says: "The executive branch and Congress in Chile have less capacity to associate but the parties' system has proven capable of reaching agreements on essential matters. This is a situation that must be preserved."

He added that the real test of the ability to govern in democracy is to maintain balanced public financing and that the government contribute to national savings to strengthen growth and investment. He reaffirmed that the inflation rate this year will be under the originally estimated 15 percent, "therefore, I believe it is necessary that the economic agents and the government become aware of this new reality in order for the progress made to lower inflation to become a reality this year."

Asked about the call made by economist Felipe Larrain for saving this year's budget surplus [holguras], Foxley said that he agrees with it "because under the current circumstances it is possible to maintain the special character of this experience involving large spending on social projects and greater public savings without the need to use the surplus." Foxley also said that there is no need for the current administration to give any justification because in the last three years there have been more public savings, greater social spending, and lower inflation. Foxley added that the need to increase social spending in various countries to prevent problems of political instability was discussed in the meeting with Brady.

German Politician Meets Aylwin on Honecker Case

PY0807141692 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 8 Jul 92

[Text] Count Otto Lambsdorff, president of the German Liberal Party [as heard], met with President Patricio Aylwin in La Moneda Palace this afternoon. During their conversation they discussed the Honecker case. Lambsdorff said that the former GDR leader cannot escape German justice.

[Begin Lambsdorff recording in German, with passage-by-passage translation into Spanish] Patience is what solves every problem in this world. But one thing is certain, Mr. Honecker cannot escape from us. [end recording]

Count Lambsdorff is the leader of one of the member parties of the government coalition headed by Helmut Kohl. He said that if the dispute over the Honecker case continues, it may affect relations between Germany and Chile. He said that the case should be totally resolved this year.

Colombia

Government, Parties Sign Political Agreement

PA0807230192 Santa Fe de Bogota EL TIEMPO in Spanish 4 Jul 92 p 8a

[Text of political agreement signed by President Cesar Gaviria; Carlos Espinosa, president of the National Directorate of the Liberal Party; Antonio Navarro Wolf, representative of the 19 April Movement Democratic Alliance; and Andres Pastrana Arango of the Democratic New Force; date and place not given]

[Text] The political parties, movements, and groups that have signed this agreement were convoked by the president of the Republic to evaluate the national situation and to establish the basis for their participation in the government, at the prerogative and invitation of the president. These political organizations have signed the agreement and are committed to back and to work on matters of national interest, the basis of which are the guidelines and programs of this agreement.

Defense of the Constitution and Constitutional Development

The new Colombian Constitution, produced by the Constituent Assembly, outlines the rights of citizens and establishes the principles, as well as the legal, institutional, and normative framework, for organizing the Colombian nation. Abidance by the 1991 Constitution is an unavoidable basis of political life, of the government's work, and of public sector activity. We abide by it and we hereby commit ourselves to defend its democratic nature and its national essence within the norms that this Constitution consecrates.

The 1991 Constitution is the basis of a new institutional setup. Its institutions must be promoted and its principles and mandates must be implemented legislatively with a spirit of consensus among the political forces that have decided to form part of the government. The national government and the political forces represented in the government commit themselves with a spirit of consensus to work for reforms, proposed by either the government or the political forces, that are essential to fully implement the new Constitution so that future legal efforts may conserve the Constitution's national nature.

Decentralization and Regional Autonomy

The government and the political forces represented in the government are committed to deepen the decentralization process to guarantee the harmonic development of all the country's regions in the framework of the autonomy that the Constitution grants.

Justice

The government and the political forces represented in the government view the strengthening of justice as a priority to enhance institutional and democratic legitimacy and to struggle against kidnappings, violence, and impunity. The dignity of the Judicial Branch is a primary objective of the work of those who have signed this agreement.

International Policy and Foreign Relations

The handling of foreign relations falls within the purview of the president of the Republic, who has the authority to define guidelines and make decisions that best defend the country's national interests. The national framework for the formulation of international policy must count on the support of the political forces represented in the government. The natural differences in the internal affairs of the nation must not perturb the orientation and effectiveness of the country's presence in the international scene. The Advisory Foreign Relations Commission is the appropriate forum to review and settle differing views on the handling of the country's foreign relations. The adequate representation in the Advisory Foreign Relations Commission of the political forces represented in the government will be sought in the congress.

Colombian foreign policy gives priority to the search for the political and economic integration of Latin America and the Caribbean, and of this area with the world. The political forces represented in the government are committed to promote those objectives.

The principles of nonintervention, free determination of the peoples, and respect for international law, together with support for democratization in the continent, constitute the pillars of Colombian foreign policy.

The political forces represented in the government will be committed to the task of strengthening relations between Colombia and Venezuela, reinforcing all those things that unite us to that brother country, and seeking peaceful solutions within international law to the differences between the two nations. The government and the political forces represented in it maintain their support and express their confidence in the success of the negotiations that are being conducted by the two nations to solve the border dispute on marine and submarine areas.

Internationalization of the Colombian Economy

The government and the political forces represented in it regard the internationalization of the economy and the

strengthening of the domestic market to be indispensable. To that purpose, they will support initiatives to consolidate the expansion and modernization of Colombia's productive apparatus, enhancement of private investment, and the growing competitiveness of Colombia in international markets with the state playing an active, leading role in the process of internationalization. The purpose of this is to foster conditions for modernization and economic vitality that are indispensable to generating employment, overcoming poverty, and promoting the welfare of all Colombians. Support for economic and political regional integration and the search for bilateral and multilateral free trade agreements constitute the priority objectives of internationalization.

War on Inflation

Inflation is a phenomenon that is especially harsh on the weak and creates economic conditions that hamper investment and, in general terms, growth and welfare. The war on inflation constitutes an unavoidable and fundamental priority of the national government and the political forces represented in it.

Agriculture

The national government and the political forces represented in it will devote a special effort to the development of agricultural production to meet the needs of the domestic markets and enable them to compete with international markets, as well as to increase the income and improve the conditions of peasants. Agricultural production will be protected in the face of the subsidy policy of countries and regional integration groups.

The national government and the political forces represented in it pledge to support measures that are indispensable to culminate satisfactorily the negotiation of an international coffee agreement that raises the level of income of coffee growers.

Social Policy

The foremost interest of the government and the political forces represented in it is to improve the living standard of Colombians, especially the most vulnerable sectors, and broaden the opportunities and guarantees for everybody to share in the welfare and development so that the principle whereby social investment is the fundamental and priority obligation of the state is implemented.

The government and the political forces represented in it will place special emphasis on accelerating the pace of the effort to create a "shakeup" in the areas of social investment, within a framework of consensus, with the aim of increasing social spending and guaranteeing that such investment reach those who need it the most. We also pledge to promote those decisions and measures that help to create opportunities for dignified and adequately paid jobs for all Colombians.

War on Corruption

Supervision and control over the morality of the state and society will constitute for the political forces comprising the national government an unyielding and priority endeavor.

Environment and Natural Resources

The protection of the environment and the defense of the rational use of the natural resources of the country represent a commitment of the national government with this and future generations of Colombians. For that reason, the political forces participating in the national government will support the government's legislative initiatives on environmental matters, since they are necessary to establish an institutional and policy framework that guarantees the effectiveness of a sustained development strategy. They also pledge to support the implementation of the international commitments acquired by the country in the recent Earth Summit and, most of all, to protect and preserve the right to which Colombians are entitled on the natural wealth and biological and genetic patrimony of our country.

Peace and Reconciliation Policy

Permanent support for the reconciliation process among all Colombians must be the foremost task of the government and the political forces represented in it. To achieve that goal, it is necessary to support and promote the processes of return, demobilization, and reincorporation of rebels into civilian life that are now taking place, as well as those procedures that guarantee the participation of rebels who lay down or have laid down their weapons in the Colombian political and social mainstream. The state must be present through its entire social policy in the regions that are war zones. In the search for peace, the national government and the political forces represented in it propose to convene all political forces for the purpose of achieving the broadest national commitment.

Drug Trafficking

The government and the political forces represented in it pledge to participate in an overall strategy against all direct and indirect modes or activities that contribute in different phases to the illicit drug trade. The strengthening of the Colombian judicial system and the mechanisms of international cooperation are an indispensable aspect of this strategy.

Rationing and Crisis in the Electricity Sector

The acute crisis that the national electricity sector is experiencing makes support for the political forces represented in the government indispensable in all those emergency initiatives that may be considered appropriate to resolve adequately and definitively the problem of electricity rationing.

Legislative Agenda

The government and the political forces represented in it pledge to promote and process in the legislative session that is to begin on 20 July the topics mentioned below. Those topics will be submitted before the Institutional Adjustment Commission, and the Congress of the Republic will study and analyze them using its autonomous authority and including the participation of all the political forces that comprise it.

I. Constitutional Transition

Guidelines to expedite the transition toward the new constitutional system, based on developments that will be detailed in the future.

II. Political Development

1. Organization and rules of the political parties. Statutes of the opposition.
2. Institutions and procedures for citizen participation.
3. States of emergency.
4. Electoral code. Special districts for residents abroad and ethnic and political minority groups.
5. Revision of the petition for protection.
6. Loss of the legislators' mandate.

III. Justice

1. The charter law on the administration of justice.
2. Ombudsman office.

IV. Social Sector

1. Social security.
2. Domiciliary public services.
3. General education law.
4. Administrative career.
5. Regulation on tax monopolies on games and liquors.
6. Electricity law.
7. Standing labor commission.
8. Development of the rules on the environment. Environment Ministry.
9. Health assistance to mothers and infants less than one year old.
10. Access to ownership and democratization of companies.

V. Economic and Public Administration Rules

1. Planning charter law.
2. Budget charter law.
3. Charter law on financial, stock exchange, and insurance activities.
4. Bank of the Republic.
5. Rules to promote competition.
6. Public telecommunications service.
7. Administrative hiring practices.
8. Organization of the land improvement subsector.
9. Copyright.
10. Fiscal control rules.
11. Transportation Ministry.
12. Rio Grande de la Magdalena Corporation.

VI. Territorial Rules

1. Territorial organization laws: regions, departments, provinces, municipalities, capital district, metropolitan areas, territories inhabited by Indians and Blacks.
2. Bases and conditions for the creation of territorial entities and distribution of jurisdictions.
3. Tax rules on territorial entities.
4. Creation of the National Royalties Fund.

VII. Defense and Security

1. Recruitment and mobilization services.
2. Presidential powers to dictate regulations on weapons, ammunition, and explosives.
3. Reorganization of the National Police.
4. Police code.

VIII. International Affairs

1. Dual nationality.
2. Vienna Convention.

President Cesar Gaviria Trujillo; Carlos Espinoza Faccio Lince, National Liberal Directorate president; Antonio Navarro Wolff, 19 April Movement Democratic Alliance president; Andres Pastrana Arango, New Democratic Force president.

Adviser Assumes Responsibility for Peace Policies

PA0807153692 Santa Fe de Bogota EL TIEMPO in Spanish 3 Jul 92 p 9a

[Text] Presidential peace adviser Horacio Serpa Uribe issued a strong statement on 2 July assuming full responsibility for handling peace policies as well as the transfer of guerrillas to Colombia.

The statements were made after Attorney General Carlos Gustavo Arrieta asked the government, defense, and foreign relations ministers a question regarding reasons the Executive Branch had for suspending military operations and not complying with the arrest warrant issued by a judge against top guerrilla spokesman Guillermo Saenz Vargas (alias "Alfonso Cano").

Serpa Uribe spoke strongly and said that the attorney general was seeking explanations from the wrong people—they had nothing to do with this. He had directed, guided, and concluded the peace process in Tlaxcala (Mexico).

He added that he is not afraid of being investigated because the talks were held within the framework of a government approved peace process.

The peace adviser spoke to a peace forum on 2 July in Riohacha (La Guajira Department), which was attended by the region's social and political forces.

Meanwhile, it was learned on 2 July that the government, defense, and foreign relations ministers would reply to the attorney general in the next few hours.

The three ministers held intense consultations between 1 and 2 July to draft a reply to the attorney general.

Even though the exact terms of the letter are not known, the high ranking government officials will argue first of all that the peace talks with the National Guerrilla Coordinating Board are part of a process outside the Constitution and that the government is entitled to work for peace and reconciliation among Colombians.

Secondly, the ministers will argue that the president, through the Advisory Board for Peace Issues, promised at the negotiating table to safely return the guerrilla spokesmen and offered them all necessary guarantees.

Lastly, the ministers will argue diplomatic reasons, in view of the fact that the Carlos Salinas de Gortari government offered the guerrillas diplomatic protection.

The 60-hour term granted by the government for the spokesmen of the Revolutionary Armed Forces of Colombia to reach their camps expired at 2300 on 2 July.

Military operations were reestablished in areas where they had been suspended. These are La Uribe (Meta Department) and in San Vicente de Caguan (Caqueta Department) where the four negotiators finally arrived.

According to reports collected by EL TIEMPO, Alfonso Cano, Ivan Marquez, Pablo Catatumbo, and Tomas Lince met with Manuel Marulanda Velez, alias "Tirofijo," in a rural area in Santana Ramos in Caqueta Department.

EPL Issues Ultimatum to Demobilized Guerrillas

PA0807152392 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 7 Jul 92

[Text] Francisco Caraballo, commander of the dissident EPL [Popular Liberation Army] faction, has issued an ultimatum to demobilized guerrilla members: They must abandon, within 15 days, areas of the country where former subversives who returned to civilian life are now working. Caraballo issued a communique threatening to assassinate those who fail to leave. The group of EPL fighters who returned to civilian life two years ago hoped to live in peace and freedom, but reality has turned out quite differently. One hundred former guerrilla fighters have been assassinated over the past 15 months.

Caraballo, leader of a dissident group that is still fighting and which is part of the Simon Bolivar Guerrilla Coordinating Board, has ordered the systematic extermination of his former comrades because he believes they betrayed the guerrilla movement, this was stated by Carlos Franco, one of the demobilized fighters who is now threatened by Caraballo.

[Begin Franco recording] I think it is a demented and counterrevolutionary attitude which only benefits those who oppose changes in the country, and it worsens the confusion that sometimes prevails in the country. Likewise, it is an action which counters the international humanitarian laws they claim to defend. [end recording]

The main enemies of the EPL—which has now become a political group under the name Hope, Peace, and Liberty—are precisely its former allies.

[Begin Franco recording] I hope this stops. It is absolute madness on the part of the guerrilla groups. They are killing their former comrades, meaning people who have opted for peace, because they know there is no future for guerrilla groups in Colombia. [end recording]

Following the delivery of its weapons, the movement has received 1.5 billion pesos in credits as part of the plan for the fighters' return to civilian life. The group has also received 700 hectares of land for agricultural activities in rural and peasant areas. The demobilized fighters say this has allowed Caraballo to exterminate them. According to a report presented by former guerrilla fighters to the national government, the death order issued by Francisco Caraballo results in the assassination of approximately seven former fighters every month.

The government announced that the state and those who return to civilian life will continue their efforts to implement the peace accords, despite the persecution and assassination of former EPL fighters.

Social Conservatives Issue Cooperation Statement

PA0807140992 Santa Fe de Bogota EL TIEMPO in Spanish 4 Jul 92 p 6a

[From the "On the Cabinet Reshuffle" column: "Conservative Statement"]

[Text] President Gaviria, acting in accordance with the constitutional authority of appointing or removing ministers, has elected to do without the cooperation of the Social Conservative Party [PSC], probably due to our party's position on the tax reform issue.

Despite his statements made a week ago during the closing of the national congress favoring the free exchange of ideas, compromise, discrepancies, discussions, as well as dialogue, President Gaviria has decided to validate those who backed him by voting for the taxes. This is a decision we obviously respect.

We support the former conservative cabinet members appointed freely by the president due to their excellent performance as heads of foreign relations, labor, the development and mines portfolio, as well as their loyalty to the conservative doctrine.

In light of the president's decision, we abstained from presenting candidates for ministerial positions convinced that under current circumstances it is best for the party to not have any representation in the cabinet. We also feel that the pary should not accept a minimum participation—this would be unbecoming as well as inadmissible. If President Gaviria, on his own accord,

decides to appoint some PSC members, they will accept on a personal basis, and will offer technical cooperation.

The exclusion of the conservatives from President Gaviria's cabinet will not modify the good relationship with the government or with the president. On the contrary, it will allow us to demonstrate that our participation is patriotic as well as spontaneous. In addition, our commitment with respect to issues, such as international relations, the peace process, the internationalization of the economy, preservation of the environment, and social preservation, does not depend on access to government positions but on public concern and common welfare.

We will continue to work closely with the liberals in congress in trying to obtain passage and approval of laws that will benefit the nation. Among other laws, those laws that help encourage the new constitution. We acknowledge the excellent goodwill of the liberals toward the conservatives which has served to consolidate the traditional harmony between the two historical parties.

We call on our fellow party members to understand that only rectitude in one's resolve, firmness and coherence in one's political conduct, a patriotic inclination, sacrifice, as well as a worthy and independent conduct will lead us to power during the 1994 elections.

[signed] Hernan Echeverri Coronado, Hernando Torres Barrera, Omar Yepes Alzate, Jaime Arias, Rodolfo Segovia Salas, and Fabio Valencia Cossio.

Ecuador

Borja To Travel to U.S. for 'Cardiac Problem'

PA0907000192 Quito Radio Quito in Spanish 2332 GMT 8 Jul 92

[Text] Attention: We have received a press bulletin issued by the Presidency Press Office. A sudden health problem is forcing President Rodrigo Borja to travel to the United States.

Attention: A sudden heart problem that developed in the past 48 hours is forcing President Rodrigo Borja to travel to the United States to undergo an immediate medical examination. According to medical examinations performed in Quito, President Borja has been diagnosed with auricular fibrillation that requires immediate attention. Two different examinations were performed; the first on the night of 7 July by Dr. (Boliton Sandoval), and the second on the morning of 8 July by Dr. Alfonso Cruz. The two doctors agree with the diagnosis of auricular fibrillation and have both recommended that the president of the Republic travel immediately to the United States.

The president has requested travel authorization from the Court of Constitutional Guarantees. The president will travel on 9 July to San Antonio, Texas, where he will be treated at the Southwest Texas Methodist Hospital by cardiologist Dr. (Robert Mitler). The president will be accompanied only by his naval aide-de-camp, Commander Carlos Paris.

President-Elect Cited on Borja, Government

PA0907045092 Quito Voz de los Andes in Spanish 0300 GMT 9 Jul 92

[Text] In a message to the Ecuadoran people of Guayaquil on the evening of 8 July, President-Elect Sixto Duran Ballen lamented the sudden illness of President Borja and expressed the hope that he will recover soon. Duran again thanked the country, particularly the people of Guayaquil, for their support in the election and reiterated the pledges he made during his campaign and his call for national unity among all his fellow Ecuadoreans.

[Begin Duran recording] As president-elect, I must serve everyone: friends and adversaries as well as generous advocates of the new course of action and circumstantial detractors. In addition to my gratitude, I wish to reiterate the invitation I extended during the electoral campaign, on the night of our victory, and during the election. Let us unite in the great Ecuadoran cause, which needs the talent, preparation, and admiration of all so that we can lift the country to a higher standard of living, justice, and progress in peace. It is possible to make each of the concepts you voted for a reality. Since the very night of our victory, I began to work on those concepts, including the selection of a cabinet and my closest assistants. Next week, after a brief four-day rest in Galapagos, I will report again on the evolution of this process. I wish to designate as soon as possible the best government officials for each function and to update immediately the functions of every office so that we all can march along the road of progress from the very first day of my government.

In these 72 hours I also have made progress on the final touches of our government platform and in the preparations for an eventual trip abroad to strengthen the current diplomatic and political relations and to negotiate financial aid from friendly institutions and governments. In addition, I intend to stimulate investments in our country. Therefore, I always am willing to hold a dialogue and constant communication with you, my people, to whom I made a commitment during the campaign. This way, I am beginning to make good on my pledges, which are still standing stronger than ever. With satisfaction and gratitude, I see that all sectors in Ecuador have received the result of the election. I also am pleased by the support for my proposal of a political moratorium and a national consensus. Party factions must yield to the great national moment. We have seen that hatred and useless rivalries have diminished us. It is time to find out how great we can be if we unite all of our political flags for the great march toward progress.

I ask for [word indistinct] from the political parties, and particularly from the deputies, so that all branches and state offices can walk together along the new path you approved on 5 July.

The failures we have seen under the current system are obvious enough for us to venture without any reflection or study into radical changes. Everything must be done in a proper and timely manner. Our task must be carried out without delay. It must be continuous and permanent, with a passion for Ecuador's progress. I plan to continue listening to Ecuadoreans, now and always, to foster their desires and solve their frustrations.

There are no new goals in our government plan. They are the same goals you have chosen, the ones I promised to attain with honesty, work, and experience and with a team organized in accordance with those demands.

I understand this is the hour of the people. The people have lived up to their responsibilities, and now they want their postponed rights fulfilled: the rights to life, health, education, work, and dignity. The attainment of those rights cannot be delayed. The new government will work for them with persistence and responsibility.

However, it also is the hour of the fatherland. We all must pay the fatherland for the privilege of being Ecuadoreans with work and effort. This national effort will create great wealth to be distributed fairly among all.

Fellow countrymen, may God bless you all and enlighten me so that I can fulfill the honorable mission of guiding your destiny as of 10 August.

I appeal to all of you for an Ecuador of peace, progress, and justice.

Paraguay

Leftist Party Presents Presidential Candidate

PY0907011092 Asuncion ABC COLOR in Spanish 6 Jul 92 p 5

[Excerpt] The Free Fatherland Movement [Movimiento Patria Libre] (MPL) yesterday presented Atilio Joel Cazal as an independent candidate for the Presidency of the Republic for the 1993 general elections. Thus, this is the first leftist party to present a presidential candidate. [passage omitted]

Diplomatic Relations Established With Estonia

PY0907011492 Asuncion NOTICIAS in Spanish 3 Jul 92 p 10

[Summary] Paraguayan Foreign Minister Alexis Frutos Vaesken reported on 2 July that Estonia and Paraguay established diplomatic relations at the ambassadorial level as of 1 July.

Import Customs Tariffs 'Drastically' Reduced

PY0407224892 Asuncion ABC COLOR in Spanish 26 Jun 92 p 11

[Summary] On 25 June, the national executive branch promulgated a decree "drastically" reducing import customs tariffs, in general, to only 3, 5, 10, 15, and 20 percent, compared with the previous broad range of duties that went from 0 to 70 percent. The highest customs duties will apply to luxury vehicles.

Raw materials and industrial components will pay 3 percent. Capital goods will pay 5 percent, and finished products will pay 10 percent. Automobiles will pay 10, 15, or 20 percent, depending on their prices.

The new customs tariffs are aimed at opening up Paraguay's economy and discouraging smuggling. The Paraguayan finance minister also reported that goods coming from Common Market of the South countries will pay 1.17 percent, 1.95 percent, and 3.9 percent for industrial components, capital goods, and finished products, respectively.

Peru

Special Forces Assures Fujimori of 'Firm Support'

PA0907043092 Lima Global de Television Network in Spanish 0100 GMT 9 Jul 92

[Text] President Alberto Fujimori pointed out the existing monolithic unity between the government and the Armed Forces despite the pressure that has been exerted in attempts to break up the relationship. During a speech he made before the Special Forces Division, headquartered in Las Palmas, President Fujimori received the support and allegiance of the military and stated that he would not bow to pressure from political parties that are combining efforts in an attempt to recover their lost privileges.

President Fujimori arrived at Army Special Division Headquarters at approximately 1300 and was received by Special Forces Commander General Nicolas De Bari Hermoza Rios and Defense Minister General Victor Malca Villanueva.

After saluting the high military officers present, including Interior Minister General Juan Briones Davila, President Fujimori reviewed the site where the Army paratroopers carry out their training. He received a detailed explanation of the training exercises from Gen. Hermoza.

Afterwards, they all headed toward a specially prepared dining room where other Army officers were awaiting President Fujimori.

In his acknowledgement speech, the head of the Peruvian Army expressed his total support for the government's decisions since the establishment of the emergency and national reconstruction government on 5 April.

[Begin Hermoza recording] We wish to express our firm support and say that we share the path you have chosen. We are convinced that it is the most adequate path for reaching the objectives that will transform our beloved country into the home our founding fathers dreamed about and which our children deserve. [end recording]

During his speech, President Fujimori gave a report on Peru's situation before the establishment of the new government and said the democracy that had existed until 5 April was merely a government of privileges for the few; the same few who are at this moment in a state of confusion over their loss of power.

[Begin Fujimori recording] We clearly can see the unity of the Peruvian people in the wide-ranging support for the national reconstruction process. We also see the indestructible and monolithic unity of the Army and the Peruvian Armed Forces based, as stated by the Army commander, on their undeniable subordination to the interests of the country. However, it is impossible for those who in the past—and I am referring specifically to the most recent past—only [words indistinct] to speak about unity. They have chosen to resort to the sad spectacle of struggling for political interest and have all but forgotten the country's needs. Today their precarious unity is based mostly on the defense of their personal political interests. That is the only type of unity they can now exhibit. Apparently ambition and the desire to recover all those lost privileges lead to [words indistinct]. Today the Army and the Armed Forces are sensitive to the struggle we are all going through, struggling alongside the civilian population against the biggest enemy of civilization: terrorism. They know quite well that this means an historic responsibility. But Peru has witnessed with what type of responsibility and total lack of good judgment some politicians have been playing the terrorists' game. All of this just to continue to express a blind and destructive opposition to this government that prevents them from maintaining their privileges. There are those who continue to spread overseas the falsehood that in Peru the political struggle is becoming polarized between dictatorship and Shining Path. There is hatred and frustration in the minds of people who dream that stuff up. That is how they continue to distort reality. But for those of us who live in Peru and risk our lives to recover our country, we know quite well that if there is any polarization that needs to be pointed out, it is the one that exists between a people hungry for justice and progress and those who only crave power. [end recording]

The ceremony ended with the traditional toast by the military high command.

Names of State Enterprises Up for Sale Released

PY0907030292 Lima CARETAS in Spanish 29 Jun 92 p 26

[From the "Ground Swell" column]

[Text] After the sale of some Petroperu [State Petroleum Agency] outlets last week, the sale of Bayer Industrial must begin immediately. According to the schedule drawn up by Jaime Yoshiyama, [Energy and Mines] minister and president of Copri [Privatization Committee], Inasa [expansion unknown], which is linked to the Conchan Refinery, Petrolera Transoceanica, Quimica del Pacifico, Reactivos Nacionales S.A., a Centromin [Central Peru Mining Enterprise] subsidiary, and Solgas [expansion unknown] will be put up for sale in July.

Uruguay

Editorial Comments on U.S. Court Decision

PY0807154492 Montevideo EL PAIS in Spanish 20 Jun 92 p 6

[Editorial: "The U.S. Supreme Court Against Sovereignty"]

[Text] The unusual ruling of the U.S. Supreme Court legalizing the abduction of alleged criminals in other countries without the consent or cooperation of that country has irritated all the countries of the Americas and has been rejected by everyone. The ruling has been criticized by the most democratic countries, by Cuba, by the spokesman of President Alberto Fujimori, and even by former Peruvian President Alan Garcia. There is also talk in Colombia that the government and the guerrilla organizations should unite with the citizens to defend themselves against this threat.

This unanimous reaction, which is supported by solid reasons, should be conveyed to the OAS in a single and firm voice that the governments of the region—with the exception, of course, of Washington—under no circumstances accept the U.S. Supreme Court ruling and that they strongly resist it in theory and in practice.

We understand the seriousness of this case and understand the individual reaction of each government from Canada to Argentina is not enough.

The United States has the sovereign right to promulgate its own laws and to establish its own juridical criteria within its borders, but at the same time every one of our governments also has the right to preserve its sovereignty and laws within its territory.

The U.S. Supreme Court ruling—through a six-to-three majority vote with a strong rejection written in the report by the minority—marks the most inexplicable breach of international law and the sacred principle of sovereign integrity which establish without any doubt,

among other things, that within the territory of a foreign country only the penal law of that country is valid.

Uruguayan Foreign Minister Hector Gros Espiell, who has a vast knowledge of international law, has said that the ruling is a serious violation of international law.

The Senate released a declaration—which we believe was wrong—on the particular case of a Mexican citizen who was kidnapped in Mexico and will be tried in the United States with the backing of the U.S. Supreme Court ruling. The declaration says that it is a serious decision which affects international law and the basic principle of the sovereign territorial integrity of states. The declaration adds that criminals living abroad should be processed through extradition procedures.

The reaction in the Chamber of Deputies was similar but the International Affairs Committee was asked to write a declaration.

Professor Manuel Vieira said that the ruling disregards the principle of nonintervention because it authorizes foreign agents to act within another state as if it was their own territory.

By coincidence, Professor Vieira published a few days ago in EL PAIS a careful study on the juridical aspects of diplomatic asylum, refuge, expulsion, and extradition, and made an analysis of the "ETA" [Basque Fatherland and Liberty] members in our country.

His considerations, backed by legal textbooks and historic events, were flattened by the sudden storm created by the U.S. Supreme Court ruling.

The United States is unpredictable, and we say the United States because the U.S. Supreme Court decision concerns the entire country.

Those like us who admired and supported the United States in most of its undertakings are firmly on its side now in the relative calmness of the international situation. But also in the past, in the midst of the Cold War and ideological conflict, we support it. We cannot but feel frustrated by events like the current one, and by the recent acquittal of two policemen who beat up a black man.

But the boomerang effect of the court ruling is that it provoked similar reactions from those who have been friends of the United States and from those who have always resisted and criticized that country for what it does or does not do.

It could be said that the "cowboy" [preceding word in English] spirit continues to inspire many of the good U.S. citizens who feel that because of their country's power as the only superpower they are allowed to do anything within the territories of the countries referred to as their backyard without accounting for its actions.

Even after such a serious slip we still have faith and trust in the great decisions in that great country of the north, always keeping in mind its rich contribution in theory and practice for strengthening democratic laws, the spirit of freedom, and for upholding the messages of George Washington, Thomas Jefferson, Thomas Paine, and Abraham Lincoln.

We cannot justify the decision of the six judges to vote the resolution neither on its legal basis, on its undeniably political and diplomatic essence, nor because of its humanitarian repercussions.

They seem to be imbued with a "cowboy" spirit, but we are encouraged by the firm position of the three judges who opposed the ruling. They stated that the courts of the civilized world "should be deeply troubled by this monstrous decision." Judge Stevens said: "Any country which wants to preserve the administration of its laws is directly or indirectly affected by such a decision."

The judges who disagreed with the ruling cited Thomas Paine, who said that "the eagerness to punish is always dangerous for freedom because it leads the nation to violent, misinterpreted, and wrong applications of the best laws." He said: "Anyone who wants to build his own freedom should avoid oppressing his enemy. If he ignores his obligation, he will set a precedent that will not be useful even for himself."

The statement by those who disagree with the ruling lead us to believe that the spirit reflected in the ruling of the minority still exist in this great country. We hope that this spirit will prevail on most occasions.

We insist on the need for America to express a joint and appropriate reply, with the strength of a plural declaration that will not be misinterpreted and thus avoid very annoying incidents.

Minister Gros stated that the Rio Group, which met in Mexico in 1990, voiced its concern over the U.S. legal resolutions which seeks to justify the enforcement of internal laws abroad and to violate international law.

If that was the case a joint inter-American resolution has been adopted regarding the current case.

Venezuela

Cardozo Denies That COPEI Backs Revocation

PA0807144992 Caracas Venezolana de Television Network in Spanish 0000 GMT 8 Jul 92

[Text] An issue that is being discussed widely in the country is question of a popular referendum or revocation. With regard to this, Hilarion Cardozo, president of the Social Christian Party, COPEI, stated that, at a National Committee meeting on 7 July, his party did not approve the holding of a referendum to revoke the mandate of President Carlos Andres Perez.

Cardozo held a news conference to announce that the COPEI National Committee did not approve the referendum to revoke Perez' mandate. He explained that the convocation of a popular referendum was approved.

[Begin Cardozo recording] These are two different situations. In the case of the revocation of the mandate, when it is approved by the people, if that is the case, the president would have to leave office immediately and turn over the presidency to the citizen to whom it should be turned over in accordance with the Constitution. In this case, that person would be the senate president.

However, our proposal is that the people should be asked if they want to move the elections ahead. If this is what the people want, then elections would be convoked, the process would be started, and the president would leave when he turns over power to the person chosen in the elections. Consequently, these are two legal acts which are completely different. This is why I wanted to set you straight so there will be no confusion. We do not want it to be said later that COPEI changed its position overnight. [end recording]

Regarding the amendment to Article 66 on freedom of expression, he said that it is not a case that the Senate will reject that which the deputies have drafted. He conceded that it is logical to listen to reactions and to make an effort to reconcile positions. In fact, he admitted that there is a possibility that changes could be made to the contents of the bill. However, he opined that it is difficult to return to the proposal made by the bicameral commission.

According to Cardozo, the amendment to Article 66, once adjusted by the Senate, will most certainly keep the right to freedom of expression, the right to information, the right to reply, and will keep the ban on monopolies, but in a more flexible manner, to prevent the emergence of a media czar.

Governors Asked Not To Interfere With CSE

PA0807171092 Caracas Venezolana de Television Network in Spanish 0000 GMT 8 Jul 92

[Report by Zayda Pereira]

[Text] Interior Minister Luis Pinerua Ordaz has sent a communique to all state governors asking them not to interfere with the work carried out by the Supreme Electoral Court [CSE]. Pinerua issued the communique in the wake of events in Carabobo State, where Governor Enrique Salas allegedly interfered with the CSE's work.

[Begin recording] [CSE President Isidro Morales Paul] The interior minister's statement is important because it means the Executive Branch is respecting the CSE's operational and administrative autonomy and its capacity to handle the country's elections.

[Pereira] The communique was issued at the conclusion of a CSE meeting, where the proposal by Democratic Action representative Miguel Spidel to file a complaint against Governor Salas at the Attorney General's Office was accepted.

[Spidel] The CSE is really the entity tasked with supervising and ensuring the elections are clean and honest. No other entity is entitled to perform this kind of job. Not just now, but always, the CSE has carried out the necessary investigations to clarify matters.

[Pereira] Another important aspect of the meeting was the approval of the estimates submitted by two companies that will provide voting machines to be tested in the upcoming December elections. The winning companies are Capricornio, which will provide 300 machines, and Global System, which will provide 100 machines after it proves it can do so. Venezuela is protected in the contract negotiations by an antibribery clause, which will punish any irregularity in the deal and in the negotiations that will take place with the United States, so that if there are any irregularities, authorities from both countries can intervene. CSE President Morales noted that, since two articles of the election charter law do not agree on the dates on which the elections were to be announced, the court decided to make it three months prior to the elections, which means the dates of the elections for mayors, governors, and councilmen will be announced in September. [end recording]

Amendment to Public Registry Law Announced

PA0807132592 Caracas Venezolana de Television Network in Spanish 0000 GMT 8 Jul 92

[Text] Justice Minister Jose Mendoza Angulo has announced an amendment to the Public Registry law. The change seeks to eliminate vice and acts of corruption by Public Registry officials. The minister also announced the creation of a national council for crime prevention.

Mendoza announced these projects in his office in the presence of Aura Marina Raad, director for crime prevention. The justice minister said his office has received many complaints about the unreasonable way in which certain notaries public and public registrars behave to the detriment of citizens. These officials demand excessive payments for their services.

This amendment is necessary because the law is very old and services must be rendered faster. There will be an increase in the fee to notarize documents but officials will be banned from [word indistinct] pertinent employees. Candidates for registrar and notary public positions will now have to compete for them.

[Begin Mendoza recording] This means that we will ignore party affiliation when hiring employees. We will try to improve services and begin a career for these professions based on competition instead of hand-picked appointments by the government or party that is in power. [end recording]

The National Council for Crime Prevention will be created to produce programs for teachers, parents, and social workers to counter juvenile delinquency.

The minister also noted that 1 billion bolivars are needed each year to clear overcrowded jails in this country.